

CONRAD BLACK: his next move • HONG KONG: rich and Red

CANADA'S

WEEKLY NEWSMAGAZINE

Maclean's

JULY 7, 1997

HIGH DRAMA

**Danger and
death on Everest:
an exclusive
account by
two Canadian
adventurers**



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Maclean's

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and on CompuServe (TOP MACLEAN)

Maclean's is a weekly magazine published by Maclean's Publishing Inc., a subsidiary of Maclean's Publishing Group Inc. The magazine is published weekly except for two issues combined annually. Printed in Canada. ISSN: 0025-6118.

COVER

HIGH DRAMA

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40 After 60 years of continuous power, Mexico's ruling party faces a strong challenge in next Sunday's national elections. A left-winger is likely to become mayor of Mexico City.



Black's next move

48 Only a few months ago, Conrad Black said he had abandoned his quest to acquire The Financial Post. But the nabbers of Canada's most powerful media tycoon are rarely so easily thwarted.



From The Editor

Buying votes, Irish-style

The magnificent Irish countryside yields many natural delights in late June, and this season a political junkie's encounter is added bonus—the daily swirl of a political leader desperately trying to form a minority government. Each evening over Guinness,

whether in Ballyhannon or Limerick, the papers bring news of the latest manoeuvres by Brian Faulkner, Bertie Ahern to secure the two extra votes necessary for him to control the Dáil, or lower house of Parliament. On rare occasions in recent Canadian history—after the Newfoundland election of 1971, the federal election of 1972, the Ontario vote of 2005—has the nation confronted such naked horse-trading. But the Irish, who have a history of coalition governments—and a system of proportional voting—carry out the spectacle with unabashed and. Deals are struck, political plans are handed out. An opposition member is offered the speakership of the house, a post that pays almost \$170,000 per year. Two underdog members bargain for special honours for their constituencies, prompting Dublin's *Sunday Tribune* columnist Stephen Collins to observe of Ahern: "His only worry is whether they will live up to Boss Crocker's definition of an honest politician as one who, once bought, stays bought."

This season, there was a special spin on the hardball. Ahern has begun his quest shortly after winning 77 of the Dáil's 166 seats in the June 6 election. First, he secured the support of the Progressive Democrats, who broke away from his own party in 1986, by re-naming leader Mary Harney with a senior cabinet post. She was ripe for elevation, having seen her party drop from right to left in years. (As for the former prime minister, Fine Gael party leader



John Berton, his misadventure was to call an election—at a time when the economy was booming—where he thought he could win.) The deal done with Mary Bertie was then left only two seats short of a bare majority. Next, he lured Labour opposition member Seamus Párlain, a veteran of 36 years in the house, into taking the job as Dáil speaker. Ahern then needed only one more vote to be confirmed as Taoiseach, the \$165,000 post that is the equivalent of Canada's \$158,000-a-year prime minister. (Ireland's iconic president, 63-year-old Mary McAleese, is about to step down from her elected post to become the UN secretary for human rights.)

Anyway, back at the Dáil, Bertie was holding talks with independent deputies, including Mr. Jackie Boyce and Mr. Michael Fox. To be sure, their constituencies of South Kerry and Wicklow, respectively, are going to be particularly well served in the 26th edition of Parliament. Boyce has extracted promises that government spending will increase for country roads, parks and farm subsidies. Fox, meanwhile, openly boasted about a series of million-dollar promises for his county, including a new secondary school, the upgrading of the main highway between Bandon and Carlow and a guarantee of a new GCE scanner for a local hospital. In return, Boyce and Fox pledged to support the new government. On Thursday, the Dáil elected Bartlemore Patrick Ahern, 45, as Ireland's Taoiseach. The vote was 85 to 76, comfortably by Irish standards. It was a close deal.

Robert Lewis

Newsroom Notes:

Winds of change

This week's magazine features color reports from two very different parts of the world—places that nonetheless are both caught up in the forces of political change. Vancouver Bureau Chief Chris Wood, making his second trip in seven months to Hong Kong, was there to witness the transfer of power from Britain to



Philippe Slet, Wood covers

China and to examine the impact of the handover on mainland China itself and on the future of Taiwan. "There is," Wood says, "a strong contrast between the mood of official celebration and the underlying sense of apprehension that many people in Hong Kong feel as they face an uncertain future under Chinese rule." Helping report the story, which begins on page 36, was Lillian So,

co-editor with Wood of Macleod's Chinese edition.

Washington Bureau Chief Andrew Phillips, meanwhile, went to Mexico to cover the campaign for that country's crucial mid-term elections on July 6. After 68 uninterrupted years in power, the Institutional Revolutionary Party is in grave danger of losing its control of Mexico City and, ultimately, of the country. See page 40.

Wendy editor Bertie Woodhead, who edited the Hong Kong and Mexico packages, sees a parallel. "Both are major tests for democracy," he says, "although they are playing out in vastly different ways."

"I believe in the ability of one person to change the world."

—Julia Payton, Canada Trust Scholarship Recipient



Julia Payton, Carl Bengzon, Aurora Withers, Halil Bekerek

Some people are able to look at the world and see a way to make it better. For a special few among us, that means making a commitment to improving the lives of others and their communities. Meet four young Canadians who believed they could make a difference, and did.

Julia Payton co-founded both the North Okanagan Youth Race Relations Committee and the Youth Action Awareness Club. The Youth Relations Committee works to raise awareness of diversity and human rights through research, workshops, and a television forum on race relations. The Youth Action Awareness Club raises awareness on human rights issues through food drives, school daphn and a fashion fundraiser.

Carl Bengzon helped establish a Youth Advisory Committee to help organize fundraising and programming for The Door/La Porte. This centre offers young people legal, employment and health services and the chance to upgrade or complete their education.

Aurora Withers founded a chapter of Students Against Drunk and Driving in her school to raise awareness of the effect of impaired driving. Through wake-a-donut, local radio ads and a petition rally, the group was instrumental in having provincial legislation amended.

Drawing on his personal experience as a homeless youth, **Halil Bekerek** created a committee of homeless young people in the L'Ange-Trapp youth shelter to help them transition into society. The committee helps homeless youth perspective in cultural and sporting events as well as workshops on social, health and employment issues.

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Lighthouse at Cape Bonaville, Nfld., unafraid to ship

Newfoundland's party

I was pleased to see the article on Newfoundland ("A sense of place," *Cover/Story*, June 23) by Sandra Gwyn, and especially by her praise for the late George Stary SEB. All writers should beware of phrases such as "almost simultaneously" if he were still alive. Stary would be the first to give due credit to the co-editors of the *Dictionary of Newfoundland English*, J.D.A. Macdonald and Wilfred R. Lewis. Even more than Stary, the latter in particular devoted his life to the dictionary. It takes many hands to bring a fine ship to port.

Torrey Gidde,
North York, Ont. M

Your cover story "Rediscovering Newfoundland" and the celebration of the voyage of John Cabot 500 years later is just another slap in the face to all aboriginals. Cabot and his kind brought untold hardships to native Canadians. "If you white, you right" is the same old motto used today and we centuries ago when it comes to re-

pressing minorities. Cabot's arrival may be a party to the discredited settlers stole the land from the First Nations people, but it's so proud when there is any aboriginal.

Robert Lorne
Bathurst, Ont. M

Left-wing nostalgia

I disagree with Peter C. Newman's recent columns, "Why Jean Chrétien must make a left turn" (*The Nation's Business*, June 23). He says the NDP gains its seats to imply that there is a fundamental political shift from the right to the centre in Canada. That gain is seen by the NDP happened entirely in one region—Atlantic Canada. This can be interpreted as little more than a ploy from voters of that region for more taxpayer money to stop the erosion of their living standards. In other words, it was a vote of self-interest. If there really was a turn in a left direction, people from more prosperous provinces would have voted NDP to express their will to look over tax dollars to the struggling provinces. This did not happen. Ontario endorsed discussion Liberal cuts to health care by voting Liberals into 101 of 103 seats, and British Columbia and Alberta voted almost exclusively Reform. It is interesting how Newman describes at length how the Liberals' implementation of social policies led to the party's political success.

He does not bother mentioning how Liberal rule also left severe economic problems like a \$400-billion debt, a constitutional progressive taxation system and a sheltered company that took more than five years to properly adjust to free trade. Maybe that was why former Liberal leftists like Prime Minister Jean Chrétien, U.S. President Bill Clinton and British Prime Minister Tony Blair were forced to abandon their cherished ideologies in the first place. To imply that the NDP gains mean a fundamental shift towards old-style government spending programs is the wishful thinking of a left-wing Liberal looking nostalgia for the good old days.

Lorne Brown,
Guelph, Ont. M

Peter C. Newman's advice to Chrétien is dangerous. In effect, Newman is advising Chrétien to play to the few seats he lost,

Driven to succeed

During a recent trip to Europe, when I was asked about my nationality people immediately associated Canada with (Formula One racing car driver) Jacques Villeneuve ("I've got an eye on the prize," *Cover*, June 16). It makes one awfully proud when there is a fellow named Villeneuve crossing the finish line in first place, and then well in excess of 300 million people around the world listening to the Canadian anthem. The sad part is that Canadians do not realize this. The even more depressing part is the number of highly talented Canadian drivers sitting on the sidelines because of the lack of support from corporate Canada. The future of Canadian drivers should rest not on the laurels of a tobacco company's support alone.

Brendan A. Kent,
Port Hope, Ont. M

rather than to the money he won. Fiscal responsibility is the one thing that this government has—arguably—achieved. Those who underestimate the arithmetic of federal finances know that we are not out of the woods and should cut, not increase, the size of the deficit. Newman's call for compassion is laudable, but balancing the books is the best thing this country can do, for rich and for poor.

Don Carr,
Brimley, Ont. M

Election reflection

Numerous mistakes have been made of national importance. Lester Mackenzie's bid to be elected as the Conservative candidate for Perry Sound/Markham is unfortunately the post-election comment by Anthony Wilson Smith report that the PC's "highest hope after [Don] Chisum was defeated in his first bid for elected office" ("Disastrous election," *Cover*, June 9). Canada doesn't have a lot of heroes. Mackenzie became one while leading the first UN Peacekeeping Force in the former Yugoslavia. He earned the respect of the international community, personifying the best in Canadian military leadership. I had the privilege of serving in the same head quarters, in 1994-1995, with the then relatively unknown Col. Mackenzie. I saw an officer who exemplified the definition of leadership, someone respected by superiors and subordinates alike. He put the needs of his people first. As 80-year-old looks, a staunch supporter and campaigner for Mackenzie, said to me that it is not just the

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LETTERS TO THE EDITOR

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THE MAIL



Exotic dancers sunbathing typically on Toronto media type

viewing pools to be hijacked by a few exhibitionists?" It seems odd that we can tell people when and where to smoke, but can't tell them to keep from making a public nuisance of themselves.

Primer Classen,
Winnipeg, MB

Populist politics

Barbara Ansel says that in 1944 "The Progressive Party merged with the Conservatives to form the Conservative Party of Canada." (Our five Monty Python political leaders' Column, June 16). Actually, the opposition was created in 1942, not 1944, when John Bracken, the nominal Progressive premier of Manitoba, said he would accept an invitation to become national Conservative leader only if the party would start calling itself Progressive Conservative.

Richard M. Campbell,
Lanark, ON

Public exposure

So what if women decide to go topless? No topless in Ontario, Ltd. (June 23). North Americans have been so conditioned to seeing most of the female body in a purely sexual way. This ruling will allow us (most) to prove ourselves more than simply beer-swilling, sports-loving Neanderthals. If toplessness can be accepted in Europe, why can't we be mature enough to accept it here, too? Take away the media hype and this issue will fade out.

C. Reed,
Delmar, Ont.

Your article seems based on sensationalism and a cheap thrill, rather than examining the real question in there: anything wrong with female breasts? Based on visiting beaches outside "staid Ontario," I would have to conclude that chest-covering bathing suits make about as much sense for women as they do for men. Where is appropriate for women to go topless? Why the same places is appropriate for men to go topless, and it sure isn't a legal question. No shirt, no shoes, no service.

Ed Selous,
Brimley, Ont. M

Maclean's has swallowed the hype about bare breasts back, lie and sucker. That it has nothing to do with stopping the exploitation of women's bodies should be apparent just by the photograph you printed. The first to bare their breasts were hookers and exotic dancers, people who are actively involved in the commercialization of their bodies. Why should we allow our girls and

Barbara Ansel must have her writing skills. Reform Leader Preston Manning has never denied that Quebec is a distinct society. The position of the Reform party, and its supporters, is that all Canadians must be treated equally under the law. Until the courts decide that the words "distinct society" do not bestow special powers and privileges on some Canadians that are denied to others, Reformers will be reluctant to have these words, or any like them, enshrined in the Constitution.

M. L. Davis,
Edmonton

Surprisingly, and seasonally, Barbara Ansel seems to have recovered the full use of her intellect in the Monty Python column. One doesn't have to agree with everything she says, but some things can't be ignored for being so true. The five parties are well placed in the new Parliament. One of Ansel's other women reveals Reform to be the extremist party that is a constant consort to the separatist party. Another is the idea that Red Tories are really social democrats in disguise. Most telling of all, however, is the association on sovereignty-association for Quebec, a goal exposed in the Alamo Report on something to which all provincial federalist parties aspire. This truth gets ignored by the media. Consequently, Canadians outside Quebec display

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SEARLE

Small steps lead to great strides.

THE MAIL

good statistics when they reject deficit support for what it is, a cover for sovereignty-association by graduation. Taking all of *Asahi's* observations together, right or wrong, it becomes clear that for Canadians to be in the line for something completely different.

Francis M. Mori,
Toronto

Narrow crossing

Well, big deal, so now we have a concrete road to New Brunswick and what a make-work project it was for a few years ("The Island's new link," *Canada*, June 2). As an Islander, I can tell you that a lot of Islanders don't want the link. Your readers may find it interesting to know that there is only one traffic lane and one narrow travel lane—about the width of two bicycles—in each direction. Also, you can't see over the side when crossing, so don't expect to have a beautiful view of the water and the old shores when you are coming to Prince Edward Island.

Joel Gordon Gaudet,
St. John's, P.E.I.

Many people in Prince Edward Island are concerned about the newly opened Confederation Bridge. They feel it will destroy their lifestyle. Well, it is going to have some serious side effects. Consider the current Island lifestyle: low population, low income, and 20 per cent unemployment. With the bridge now open, those aspects of Island life will simply not be able to persist. Because there will no longer be a ferry income to displace visitors, tourists will begin pouring into the province, bringing their reprehensible money with them. These tourists will be an extreme inconvenience. New services will have to be built to support the influx and unfortunately some of these unemployed might have to get a job to help bear the awful load tourist dollars will be placing on the province.

Bonnie Morrison
Bridgewater, N.S.

Magazine protection

As a Canadian now immersed in American culture, I think I have a good idea of what it would be like if Canadian magazines were pushed out by American giants ("Publish or perish," *Business*, June 2). My only non-American workweek comes from the *Midweek* I receive weekly. While the Canadian government will try to legislate protection for the magazine industry, it is unlikely that it will be very successful in today's world trade climate. It is a shame to the Canadian people to see Canadian advertisers

most make that some things are more important than money, and thus should continue to support Canadian magazines. And the rest of us must step in with some realism. We should clearly state that as Canadians we don't find it acceptable for Canadian businesses not to support our magazines. We could then be informing companies seen to advertise in print that we do not approve, and that we will not use their products or services as a result. Even our magazine will show that there are people in whom this is important. I realize that this could take some effort, but I think that supporting our Canadian identity is worth a few minutes of our time.

Jean Chastelain,
Louis City, Iowa 50

Unforgivable

After years of watching and listening to the message of Reform, the symbolism of Prime Minister Jean Chrétien's decision to name into the office after all has not been lost on me ("The perils of office," *Canada*, June 2). Mr. Manning, did you still my vote? A precious opportunity to walk the talk has been passed over with this simple act of self-indulgence. Any progress the Reform party

made with people such as myself who take their vote seriously has been compromised. Sure, your advisers talked you into the move, but they are wrong.

Terrance Gossel,
Sherwood Park, Alta. 50

What a bunch of positiveness, winning little people we Canadians are, truly showing ourselves to be. A funny-looking fellow with a funny-sounding voice begins a Canadian political party. From scratch, the Reform party has risen to the status of Her Majesty's Loyal Opposition. More importantly, and a best for which all Canadians should be eternally grateful, Reform espoused a "Loyal Opposition" so treacherous, hypocritical, and treasonous that its reason for being was and is the destruction of Canada. Do we cheer this leader? No, we keep scorn on him. Did he break a promise on the GST? No. Did he feel the best case for Somalia and Iran? Dreg the Thai pull the plug? No. Did he give away a billion tax dollars over the Pearson fiasco? No. Much worse, he changed his mind about an ill-defined unilateral commitment, a commitment probably made for stupidly identical reasons. He changed his mind about where he should live. And of course, no governing party has ever ruled as about anything as serious as this.

Lawrence Whitt,
Mississauga, Ont. 50



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Backstage



Anthony Wilson-Smith

A travel guide for politicians

In 1972, Pierre Trudeau's Liberals ran for re-election on the liberal slogan "The land is strong." Many people thought Canada was so strong that it might even survive with a different prime minister: the Liberals barely squeaked back into power, with their previous healthy majority reduced to a minority.

Too bad the phrase has descended into ignominy, because the land is strong if politicians knew Canada's geography better; they might better understand the strengths of the country. For now, even when MPs leave Ottawa, they go to the same, wrong places. A political leader who gives a satirical speech to party members in nearly identical surroundings during election campaigns can visit

all 301 ridings without ever really seeing Canada. A cabinet minister who only visits major cities, and sees nothing more than hotels, television and radio studios and meeting halls has the same problem. To remedy that, a compulsory travel itinerary for all MPs might read like this:

Avoid all cities. Begin in Newfoundland, the newest and oldest part of Canada. The ceremonies last week marking 500 years since John Cabot's arrival paid heed to a key part of Canada's heritage, but 12th-century Newfoundland is even better. In this remote fishing outpost, Viking settlers arrived in about AD 1000. Revisit in isolated houses, a blacksmith's shop, a mill, a stone bridge, and a windmill for wool making. The next time anyone mentions Canada's supposed lack of history, remind them of that.

In Prince Edward Island, go everywhere; it is small enough that there is little to do so and lonely enough that it is necessary. In Nova Scotia, go to Cape Breton Island for its outstanding Celtic culture. Visit the Annapolis Valley—encompassing both the Wolfville and the "Big Apple" in Kentville—for the architecture and the atmosphere. See the rolling Annapolis Trail to better understand the sad story of the Acadians and their lingering sense of grievance.

In New Brunswick, take a ferry to Grand Manan Island, an artists' and bird-watcher's paradise better known to Americans than Canadians. Visit the lighthouse. Go everywhere except Dieppe Harbour where some of the locals insist to sample rum. Try the locally produced dulse—dried seaweed. Go whale-watching in the Bay of Fundy; or, banglocks are visible less than 100 m away.

Anyone west of Quebec can be cured by the Bay of James Peninsular. On the Bay des Chaleurs side, Interphones and descendants of United Empire Loyalists have lived, amidst great poverty, hardship and beauty, for hundreds of years. Visit the Madeleine Macarac reserve, with traditions much older. Ask the locals where Frank Sinatra, Jimmy Carter and members of the Royal Family have failed for success. (Answer: Grand-Cascapedia.) See the abandoned

fishing villages in Fortillon National Park. In New Carlisle, hear the true story of the Naskapi who didn't go away. On the St. Lawrence side, in Manlyville, hear the tale of the body of an enemy sailor alleged to have washed up from a torpedoed U-boat, with a cancelled sink from a local theatre still in one pocket.

For Quebecers, one way to realize the deep love that English-Canadian held for their country is to visit small-town Ontario. Does any place have more flags per capita as July 1 than Wellington in Prince Edward County? Visit the beach down the road at Sandbanks Provincial Park. On another day, visit the Tiny Perfect Town—Eggleston, near Georgian, where a rushing river splits the downtown in two. Buy from the local brewery, which makes only one type of beer at a time.

Drop into neighbouring Fergus, where the Eccles house—a daily cabin terrace with course signs—at one Main Street lake shop, like the limestone buildings, reflect the town's Scottish heritage.

On the Manitoba side of the border with Ontario, go to Lake of the Woods, where many members of the province's brass band speed summer. The river goes to Clear Lake. In Saskatchewan, Cypress Hills marks the highest point of land on the otherwise flat Prairies. The hills extend into Alberta, with pine forests, spectacular views, and a rare variety of orchard that is a botanist's dream.

In Alberta, go anywhere that is not Banff. Banff is all of the rest of the world seems to be there. Jasper would be a splendid choice for similar comfort and natural beauty. Any place in the Rockies is breathtaking—but more Canadians talk about the mountains than visit them.

In British Columbia, go anywhere except Whistler for the same reason as visiting Banff. Travel by sea whenever possible to admire the coastal shoreline. For the time-saving, go to one of the Gulf Islands—perhaps Saltspring, a starfish-like kiosk place where carpenter, ecologist and high-altitude travelers not only live side by side—they often are one and the same.

Do not forget Canada's North. The 100th anniversary of the Klondike gold rush is approaching. Go for the destinations, with a volume of Robert Service poems in hand.

Wherever you go, notice the large numbers of foreign tourists. New Scotia (sic), Ontario (sic), Ontario (microbrewery) beer, Alberta beef and British Columbia wine and salmon (crisis) more enthusiasm among visitors than talk of regional differences, or federal/provincial relations. Tourists, unlike Canadians, do not know United Nations surveys that repeatedly rank Canada as the best nation in which to live. The reason: foreign tourists see more of the real country than do most Canadians. So write, phone, fax or e-mail your MP. Tell him or her to hit the road. Take your own advice: a great land lives right under their feet—and your shoes.

Our leaders should hit the road—literally—this summer to discover the country they are governing

Opening Notes

Edited by BARBARA WICKENS

Chemistry at first sight

In Toronto social circles, the buzz last week centred on a Monte Carlo-based brunette who, on Aug. 29, only three months after a whirlwind transatlantic courtship—a set to marry the man billed as Canada's most eligible bachelor—Bink of Montreal charmer Matthew Barrett. As legends wagged about the stationer charms of the so-called Anne-Marie Stern, 42, who showed up on the Irish-born Barrett's arm at an elegant night party for *Shenandoah* on June 22, *The Globe and Mail* described Stern as a mystery woman from Montreal. In fact, she is a Canadian, raised in Woodbridge, Ont., outside Toronto, who is familiar to Maclean's readers from a December 1989 story on Canada's jet set. At 36, Stern was featured on the cover with one bare breast partially visible beneath her fur coat, talking about her luxurious Paris life as the girlfriend of South-west dealer Adam Khanogian. Concealed in a nightgown after that jet set affair the Chicago Binkster. Stern described her days and nights mingling with South princes on the Riviera and sipping in Colorado with prime minister Pierre Trudeau. Since then, she has been married and divorced from a Swiss-based businessman,



Stern, Barrett: who's who?



and now lives in the tax haven of Monaco. But among the old friends she kept in touch with was one of *Shenandoah*'s longtime business partners, Toronto gold tycoon Peter Mack. On May 13, at a party to celebrate the opening of the Peter Mack Cardiac Centre at the Toronto Hospital, where both Mack and Barrett serve as directors, Stern met the 59-year-old bank chief and, according to friends, it was chemistry at first sight. Barrett—recently divorced from his first wife, Irene, the mother of their four daughters—has told friends to prepare for a wedding in Toronto at a location yet to be announced. But Stern is unlikely to be used by Barrett's 33-million pay package. Even 17 years ago, she told Maclean's, "I prefer to give than to receive."

Taste not required

To make the occasion this week when Britain hands its former colony of Hong Kong back to China, many Chinese provinces, foreign countries and corporations are giving the upcoming "Jung administration" ceremonial gifts. Most are massive—and meaningful. Shenandoah province's gift, a pelt carved of a junk, is society 2000 cm-

bell, which in Chinese numerology means "Get rich quick." According to one rumor, arranged to choose something on behalf of his company, the general requirement for gifts is that they be "large and in poor taste." The offering from the Canadian community in Hong Kong, however, is not nearly so large. But these giving *Globe-and-Mail* style. It's *About People*, a 110-page caricature book of new and historic photographs,

hope it is at least full of meaning. With text by Canadian writer Frances Bartlett in English and Chinese and that, frankly, it records Canada's connection to the territory and its inhabitants, from the first explorers from the Pearl River delta to Canada a century ago, through the Canadian contribution to Hong Kong's defence against the Japanese in the Second World War, on up to the close links of the present city.



a recent visit at a Wheelodan tennis tournament. "When I took up British citizenship two years ago, my run to the fourth round and my comeback against Pete Sampras meant I was the big hero," Roddick told the British press. That says "when I reached the final at Queen's and Tim went out early, everyone was asking 'what was wrong with Tim?' instead of saying 'let's get going, playing well.'" He continued: "The still being playing great tennis—but that seems to have been neglected." Just try to come back.

Roddick: feeling ignored by the media

No holding back

Since April 1, when Dave Shannon left out from St. John's, Nfld., on a cross-Canada tour to raise money and "wake up the people" with disabilities, he has endured snow, sleet and 60 km/h winds. The lowest point on the 3,000 km he has travelled so far came on June 14, when fatigue caused the 39-year-old, who was left a quadriplegic after a 1981 rugby accident, to steer his motorized wheelchair into the icy drifts of a Calgary, Alta. Super-Shannon, who broke four ribs in the mishap. "The chair's stainless frame was completely bent." But that barely slowed him and his support team of three, let alone stopped the 9,000-lb journey, which they hope to complete by November in Victoria. While the wheelchair he uses on the open road was being repaired, he used a second, slower vehicle provided by Innis, one of his corporate sponsors, to attend functions all week in Toronto. Shannon, after all, has seldom let disability hold him back.



Shannon: wheelchair

Traveler Ray Goss, naive in an active lawyer. And he is expert to speed his message about incorporating life's obstacles—which applies to everyone, he says, not just the 4.5 million Canadians who have obvious disabilities. "With a little help, we can all get past our barriers."

Where the jobs are

How hot is the Calgary job market? So hot that some jobs are going begging. The latest statistics show Calgary with a 6.4-per-cent unemployment rate, the lowest of the largest 25 metropolitan areas in Canada. "This is a very tight labor market, especially in skilled areas such as computer programmers," notes Rudy Wright, a labor market analyst with the Calgary office of the federal government's Human Resources Development. Not surprisingly, Calgary has become something of a magnet for those looking for work from across Canada. The latest civic census shows the city grew by 23,435 in the past year, a boom not seen since the early 1980s, boosting the population to 780,466. But with growth has come everything from the public transit system to the city-owned golf courses are struggling to keep up with demand. Even Mayor Al Duyni is telling outsiders not to assume "the shorts of Calgary are paved with gold." At the current growth rate, the city will be hard-pressed to pave new streets with asphalt.

BEST-SELLERS

FICTION

1. *Full of Love* Bruce, Jane Mee (10/10) \$29.95
2. *Love's End* (Bantam) \$29.95
3. *The Last Days of Pompeii* (Bantam) \$29.95
4. *The Last Days of Pompeii* (Bantam) \$29.95
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9. *The Last Days of Pompeii* (Bantam) \$29.95
10. *The Last Days of Pompeii* (Bantam) \$29.95

NONFICTION

1. *Angels in the Field* (Bantam) \$29.95
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Passages

DIED: French sea explorer and filmmaker Jacques Cousteau, 67, of a heart attack, in his home from. Cousteau was a French naval officer from 1940 to 1960, when he resigned and started serious ocean studies in his ship, Calypso. He became known to worldwide television audiences primarily through the popular series, *The Undersea World of Jacques Cousteau*, and many documentaries, which won him three Academy Awards and three awards at Cannes film festivals. In the past 15 years, Cousteau has written an autobiographical, eloquently redempting re-evaluating the delicate balance of the ecosystem.

AWARDED: The 30th annual Royal Bank Award, which honors a Canadian who has "made a significant contribution to human welfare and the common good," to **Mano Sogal-Eisenstein**, 52, a Montreal mother of 12, for her work among children in the developing world. Sogal-Eisenstein, seven of whose children were adopted from countries where she has worked, will receive the \$125,000 award at a ceremony on Nov. 13, along with a companion grant of \$125,000 to donate to a charity of her choice.

CUTS: From the Boston Globe, right-winger **Shirley Kennedy**, 27, who on January revealed his years of sexual abuse at the hands of a junior book reviewer, inspiring young athletes from all sports to come forward with similar stories. Kennedy (instead of his release from the NFL team in a Calgary hospital, where he is recovering from a broken hip he received the day before in an off-the-record vehicle accident near Spayden Lake, Alta.

DIED: Politician and baseball enthusiast Larry Grossman, 53, who led the Ontario Conservatives from 1985 to 1987 and was instrumental in the building of Toronto's SkyDome stadium, from brain cancer, at his Toronto home.

SHEDS: Civil rights spokeswoman Betty Shabazz, 63, the widow of Malcolm X, after suffering third-degree burns to more than 90 per cent of her body in a June 1 fire at her New York City apartment. Her 12-year-old grandson, **Micahel Shabazz**, was arrested in connection with the fire and is being held in juvenile custody.



High Drama

COVER Two Canadians take on Everest—and live to tell the tale

On the morning of May 23, two Canadians, Jamie Clarke, 29, and Alan Hobson, 39, reached the top of the world—the summit of Mount Everest, a narrow patch of Himalayan snow no larger than a postage stamp, 8,848 m above sea level. Although climbing Everest is not the novelty it once was—more than 700 climbers, including 10 Canadians, have reached the summit since Sir Edmund Hillary and Tenzing Norgay in 1953—it remains the most perilous adventure known to humankind for eight far people who reach the peak, one dies on the effort. Clarke and Hobson were members of an

eight-person Canada-U.S. team sponsored by Golden Gate Park, a Vancouver-based real-estate company, and Lotus Development Corp., a Cambridge, Mass., computer software firm. One day earlier, a third Canadian, biologist Andy Evans, climbing with a Korean team, also reached the summit. However, five of Evans' teammates, scaling the mountain from the north side, died as jet-black winds roared for upper Himalayas. The story of the climb by Clarke and Hobson is one of determination, raw nerve, teamwork—and high danger. They will write it exclusively for *Maclean's*.

THE CLIMBING The mountain environment is a mystical, majestic place. It is terrifyingly beautiful and, on occasion, severely overwhelming. From the top of the tallest mountain in the world—the place the Sherpa people of Nepal call Sagarmatha, meaning Forehead in the Sky—the world below as camps were established. Routes followed the north and south slopes and, North to south, Nepal, Tibet, China, India, and North Korea to the south. Above, only a single, rocky, icy line between us and the heavens.

This is a place among all places to comprehend the power of creation. It is a place that, without doubt, should respect not responsible behavior. Everest is our work, yes. It is in every sense about being fully alive.

Men and women climb mountains for many reasons, most of them intensely personal. For us, climbing Everest gave us the satisfaction of knowing we had accomplished the most difficult physical feat most people could ever imagine. But personal success, even as we measure it by our climbing, is only meaningful when it propels us to better our performance in everything we do, to be different people today than we were yesterday, to make a greater contribution to the world around us.

This was our third Everest expedition. In 1991 and again in 1994, we had gone to the mountain but failed to make the sum-

mit due to inclement weather. After three years of preparation, we and the other members of the Canada/USA team arrived at Everest's southern base camp in early April, 1997, determined to finally reach the top.

On May 17, we were raised in our oxygenated base camp, ready to begin our summit climb, which, with a rise like an express train, ascended above scattered onto the mountain and slipped down, at some of the upper slopes of Everest, taking the five climbers on the north side. We descended down the mountain to walk out the summit. We waited for two weeks. Just as the weather showed signs of lifting, a massive storm spun out from the equator of a monstrous cyclone in the Bay of Bengal, intensifying into our camp and threatening the little tent village.

By May 22, we had rebuilt our advance base camp. Reorganizing our support teams, we moved to Camp IV at 8,000 m. With the Everest "season" now compressed into just a few days, no fewer than 70 climbers from many countries were on the South Col that night. About 40 were preparing to challenge the summit. Suddenly, the wind stopped. Under a crystal-clear full moon, we hurriedly ate and dressed. At 11:30 p.m., we stepped out onto the steep southeast shoulder of Mount Everest with our expedition leader Jason Edwards and five Sherpas. Ahead and behind us were teams from New Zealand, the United States, Malaysia and

Nighttime bathing
Everest (left) and
Hobson (right) are
the leader left a
small "window"
for climbers

One false step, one moment's inattention, can mean death or grave injury

JAMIE CLARKE

Driven, (A total of 22 climbers would reach the summit that night.) It was like going on stage. We had butterflies in our stomachs and our minds were just: 'Was our conditioning suited to the challenge? Would we be distracted by the plight of other climbers? Would the winds try to blow us off the ridge?'

As we climbed, Jason was forced to drop out because of an eye problem—the extreme altitude caused him to start bleeding from the retina. By 1 a.m., Alan began, unaccountably, to fall behind. We ended up making separate attempts at the summit, with James making it about two hours before Alan.

I knew within the first hour that it was going to be a strong climb when I kept encountering my Sherpas. The Sherpas are usually well ahead. Our red tracks seemed unnecessary and I sensed that something extraordinary, almost miraculous, was happening. By the time we reached the "Balcony," a prominent shelf on the southeast ridge, I was alone with two Sherpa companions, Linxapa and Gyabju.

I was transfixed by the hanging of the right and the sitting moon on my left. The pale blue shadow of Everest loomed across the rock-



The climbers' base camp on Everest's west shoulder. The Canadians joined other teams preparing their summit bids



James taking a lightweight ladder to Indonesia a dangerous exercise, Linxapa (below) crossing on his section. They reached their way slowly up the mountain



soon clouds in the distance and I imagined myself as a minuscule dot on the trailing edge of the mountain's silhouette. We paused below the South Summit, swung out on top, and climbed further into the stratosphere. I felt it was a day for which I had been born. I was so filled with joy that I was groping into my oxygen mask.

The most sobering moment in the climb came at the Hilary Step, a rock patch named for Sir Edmund Hillary that is less than 100 m below the summit. And a tangle of ropes tying the rocks held the body of Bruce Herold, a South African American climber, had already discovered the body and was struggling to free it. I stopped to help. What might have been a simple task at sea level was treacherous and complicated on the rocks at the altitude, but we managed. In our own quiet ceremony, Pete and I committed the body to the mountain.

Close of the duty to Athens and the fallen climber, I moved up onto the Summit Ridge. I can only describe it as a homecoming, even though I had never been there before. I had read about it, examined photographs from every conceivable angle, and visualized it so often that I felt I was standing on familiar ground. I knew this place, and felt welcome.

Seven and a half hours after leaving Camp IV, Linxapa, Gyabju and I joined the New Zealand team on the summit. Noisy Alan was still on service, I spent 40 minutes staring the view from the top of the world and taking the obligatory summit photographs. I took the time to wander down the Northwest Ridge, toward to find my fallen friend Peter Kowalski from the Kosciuszko, who had died only days before, and waiting to stand where Michael Reinberger, an Australian friend from 1994, had also died. As the Kiwis began to drift from the top, the three of us remained gazing into the shadow-filled valleys from the only place that earthly shadows could not touch.

When Linxapa's mask wire began to malfunction, we knew we could wait no longer. As my Sherpa friends began their descent, I began sliding alone, standing on the very pinnacle of the world with one foot in Nepal and the other in Tibet. I opened my arms, surrendered to the moment, turned 360 degrees, and saw the edges of the world dropping away in all directions.

Although I was alone, I felt I was joined by my family, my friends, the people who

shared our dream and the thousands of schoolchildren around the world who had been following our expedition in their classrooms via the Internet. It was a shared achievement because I could not have done it by myself. It was a reward of bliss.

ALAN HOBSON

As we started up the slope above the South Col, I was struck by how steep and hard the ice was. We were not at all wearing a fixed rope, and it became clear that the further we moved from camp, the greater the danger became. As the angle of the slope increased, I focused on what would save my life, rather than what might kill me.

By 1 a.m., I found myself mysteriously falling behind the rest of our group and, realizing that I might not be thinking clearly, I asked one of my Sherpas, Kami Tsering, to check my oxygen. I suddenly became cold and told him, "We have to go down—now!" But instead of turning around, he walked up to me and announced, "1991 expedition—no summit, 1994, no summit. The expedition, very important summit."

Kami discovered I had been chewing on an empty oxygen bottle. He hooked up a new bottle for me and I felt an immediate psychological and physical boost. I knew that if I could move, I could stay warm. So we trudged on, feeling confident, at least until the wind began gusting again at 2:30 a.m.

The west blowing snow stole the moon, which had been lighting our way, and gave me an ominous feeling about the mountain. Without warning, one of the guys landed in the snow and I had my head with snow which slipped down my back. At this point, I wondered if I could continue since I knew how quickly I would get cold up there.

As Kami and I came over the crest of the southeast ridge, a whole new world opened up. I could see the entire ridge and the South Summit. We had enough oxygen left for a decent shot at the top.

My other Sherpa, Tashi Tsering, was waiting on the Balcony. "You need to let me know whether we can do it safely in the time allotted," I told him. "If we can't, we're going back down—right now." He turned to me and said, "No problem. Still early!" I thought, "If the weather holds, we might just pull this off."

But we had to cross the flank of red scoria that scared me the most—a knife-edged ridge with a 2,700-ft drop on the right into Tibet and a 1,600-ft drop on the left into Nepal.

Checking my oxygen as far as it would go, I wanted to make sure that I was in control. Even so, my legs started shaking and I told myself, "This is just horrendous. Don't look down over the ridge into the abyss, Alan!" Pressing on, we took in the snow top of the ridge. I started down at (disbelief)—all the way down to the Kangshung Glacier, 2,700 metres below "Just look at your feet, and follow the footprints," I told myself.

Jamie and I passed each other at the Hillary Step. I was concentrating on reaching the summit, he on making a safe descent. Above the step the mountain gradually slopes up to the right. The summit itself is about three metres long and just wide enough to stand on. Tattered prayer flags and a discarded survey instrument litter the place. It was a bit of an eyesore, but it was also a sign for some eyes.

Once there, I used my radio and announced, "Base camp—this is Hobson. I confirm arrival on the summit of Dhaulagiri. Kami Tsering and myself at 9 a.m., May 23, 1997. Half the dream is done. If

Clarke and Hobson
is their third attempt since
1991, the Canadians
reached the summit



The summit—"the top of the world"—is only the size of a dining-room table

there is a lesson here, it's that if you hang on to your dreams long enough, you can achieve them." Then, I started to cry with joy.

Within 15 minutes I had the pictures I needed to prove where I had been. But I had no desire to look at the view because I was still focused on not making any mistakes, on making Canada proud—and on making it down alive. On Everest, it only counts if you make the round trip, and I didn't want anyone to be able to say, "I told you he couldn't do it."

On the way down I learned a little lesson about an oxygen flow problem, suffering second-degree burns to my face as a result. I was so tired that my legs gave out and I fell—fortunately I was clipped to a fixed rope at the time. I took some decongestants, a fast-acting anti-inflammatory, and things improved dramatically. By 2:30 in the afternoon, Jamie welcomed us back to Camp IV. We were excited, satisfied, exhausted and we all knew that we could not really celebrate until we were safely back at our base camp.

CLARKE AND HOBSON

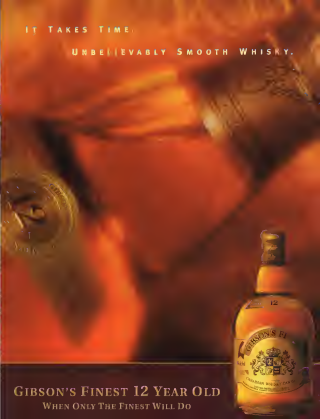
We went to Everest with the personal goal of attaining the summit, but we also brought with us the hopes and dreams of our friends, families and sponsors back home. We take pride in the willingness of members of our team to lend a helping hand, as was illustrated by the rescue of other climbers during our descent. We strive for a higher purpose than to simply stand on top of the world.

Our adventure safely concluded, our goal will be to demonstrate how the lessons we learned on Everest can be applied to the world of business and the business of life. We want to do more than merely share a story about a couple of guys who climbed a mountain. In many ways, what we did was irrelevant. What is not irrelevant are the lessons we learned along the way: how to work as a team, how to overcome setbacks, how to deal with failure, how to push through pain and discomfort and how to make dreams come true, whatever the obstacles. From Everest, we learned that it is unrealistic to expect big success without failure. Failure is an integral part of success because it is from failure that we learn. □

These articles were prepared with the assistance of Ian Clarke and Dave Hobson.

IT TAKES TIME.

UNBELIEVABLY SMOOTH WHISKY.



GIBSON'S FINEST 12 YEAR OLD
WHEN ONLY THE FINEST WILL DO

High winds, shifting ice, deep crevasses claim Everest climbers

The next morning, May 26, as we proceeded gingerly through the treacherous Rhumba forest, we encountered a group of *Sterpis* gathered around a deep crevice. One of them, a young and energetic chameleon named Karson, had tried to hoist himself to a climbing rope while crossing the ladders used to span crevasses. We were amazed that he had survived the 50-m fall. But he was desperately injured.

Jason lowered himself into the gullet of the crabs and secured the Sheeps to the rope. When he returned to the surface of the water, Jason's eyes were wide and his face ashen. As we hailed Kimjong, a dark appearance of blood and flesh, up the rim of the crabs, I swallowed my own terror. I reached out, and closed the flesh on the right side of his face. It had been stripped to the bone from the tear duct to the back of the jaw. He also had a huge gash in his forehead and both his elbow and knee appeared broken.

Doug Rover and another team member, Case Rodrig, quickly responded to our radio call for a stretcher and a full trauma kit and we were soon joined by 14 others. All were prepared to risk their own lives in the effort to save Karsang, carrying his stretcher across the precarious ledge over the ever shifting crevasses of the Khumbu. Back at the base camp at 5 200 m, our dining tent was turned into an operating room as Doug and a New Zealand doctor repaired Kirsong's face, replacing his eye in its socket before he and Huzoo were evacuated the next day. □

Many people viewed Muga's survival as the product of a superhuman effort by a courageous climber who possessed an indomitable will to live. But I'm not so sure he's a hero. He made a reckless mountaineering decision, and endangered others as a result.

After wrapping his frozen fingers individually with fabric and fleece to protect them in his mitts, we set Hugo's oxygen at the highest rate of flow and pulled him out of the tent. I cobblid together about 55 m of fixed line to secure the injured climber and two of his UllasteFace. Hugo is a big man, and as all consensus to our deaths down the Goli, set anchors, ran the three-clim line, and repeated this procedure

These hundred strides down the face, a climber fumbled past me. Moments after clipping into the fixed line above us, a teamster of Hugo's named Eric—*we never learned his full name*—had stumbled on the rock. He span and bounced on ice and snow until the rope tightened and held, saving him from a deadly slide into the crevasses at the base of the Lhotse Face. I counted Eric's luck as one of his crumples—metal spools fastened to the boots—disappeared into the mist. When got to him, Eric was unscathed but in total shock. The cloud lifted,

Dave Torgio was in poor physical and emotional shape. After surviving an oxygen and hot tea, he told me that a Mexican member of his British-based expedition had ignored his leader's order to turn back from his summit bid. The climber, Hugo Rodriguez, insisted on struggling back over head to the top of the peak—compelling his date-brother, Shiroto, to wait for him for an unheard-of three hours

Having made it to the summit, Hugo was too weak to hasten the descent to Camp IV. At great personal risk, Dawa dragged him back along the Summit Ridge, down the Hillary Step, and onto the South Summit as night began to fall. The Sherpa burrowed Hugo into a shelter of rock and snow 100 m below the summit, set his oxygen for a 30-hour flow, and left him behind as he descended to the safety of Camp IV.

I scouted the 20 or so tents on the South Col, the ridge between Everest and Mount Lhotse, in the hope of finding a team that might be able to help Hugo. Americans Wally Berg and Todd Burleson agreed to set out on their summit bid earlier than intended, and to carry some of our supplies across in the slim hope of finding Hugo alive. But they were turned

back less than 200m above us by a classic Everest squall. At that point, we gave up any hope of rescuing Hugs.

As dawn broke on the South Coast on May 24, however, a Shorper named Linke appeared a figure moving high on the mountain. It had to be Hugo Linke, set off immediately to bring his deer. They arrived back at Camp Wheat in three hours later. Hugo's fawns were like white porcelain, and his nose was crisp and brutally cold. We didn't dare remove his boots to find out whether his feet were frostbitten. We had a tormented look in his eyes, and stared right through his. He begged: "Don't let me die, don't let me die." Our Canadian born doctor, Doug Reyna, was at base camp. Reaching him was critical, I followed his directions as I administered rudimentary first aid and at that all the anti-infectants stored. Gammithone

A PARKS DAY
EVENT

TAKE A HIKE

CANADA
1999

"Take A Hike" is a fun, interactive event held as Canada's Parks Day to raise awareness and funds for Canada's parks and historic sites. On July 19th, over 250 parks and historic sites across Canada will host hiking, walking, biking, and even boating events so that you can explore and learn about the natural and historic wonders protected by these special places. For more information you can call our national toll free line: 1-800-454-PARK. Or visit our web site at www.parksday.ca



The Canadian Parks Association is proud to work with our partners for the lasting preservation and enhancement of our natural heritage.

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Dignitaries and visitors braved wind and rain to celebrate John Cabot's historic voyage

BY BRIAN BERGMAN

The fishermen call it a "capelin squid"—a mixture of bone-chilling winds, rain and fog that typically hammers the Newfoundland coast in late June just as the capelin are coming inshore to spawn. Last week, as the *Matthew*—a replica of the ship that explorer John Cabot sailed to the New World 500 years ago—made its widely anticipated landing at Bonaville, the squid was in full force. But the atrocious weather failed to discourage the thousands of spectators who flocked along the harbor's edge to greet the square-rigger as it completed its seven-week voyage from Bristol, England. "This is a once-in-a-lifetime experience," said Bonaville native Terry Medford as he reached out to steady his 15-year-old son, Stephen, who had climbed the rocky pier shore for a better view of the *Matthew*. "It just goes to show that you can't stop a celebration in Newfoundland."

The residents of Bonaville, a traditional fishing community of

4,000 people about four hours' drive north of St. John's, had already proved their mettle earlier in the day. Along with an estimated 20,000 visitors—most from different parts of the island but many others from across Canada and as far afield as New York City and Italy—they had lined up for hours along Bonaville's narrow streets to try to catch a glimpse of Queen Elizabeth and Prince Philip. Visiting Newfoundland for the first leg of their 30-day visit to Canada, the royal couple officially opened the Ryma Promenade National Historic Site, a former fish merchant's headquarters that has been turned into a shrine to the East Coast fishery. But chiefly they were there to greet the 29-member crew of the *Matthew*, who had just retraced the voyage that helped open North America to European settlement and trade. As the Queen put it in a brief address after the *Matthew* landed: "Newfoundland became the link between the old and the new worlds. It represents the geographical and intellectual beginning of modern North America."

There is, of course, no guarantee that John Cabot (or Giovanni



Newfoundland dancers greeting the *Matthew*, a replica of Cabot's 15th-century ship (opposite); dance (Elizabethans celebrate (below); thousands lined Bonaville's narrow streets for a glimpse of the royal couple

Calcutta, as he was known in his native India) actually landed in Bonaville—or anywhere else in Newfoundland, for that matter. Records concerning the original voyage are scarce, and the few that survived have also been used to argue that he first landed in Cape Breton or even as far south as Maine. But acted by the need to provide an economic and psychological boost to an island that was devastated by the 1932 misadventure and fishing, the Newfoundland and federal governments spent \$25 million to promote a year-long celebration marking the 500th anniversary of Cabot's voyage. And as the site for the quinquennial's key event, Bonaville had been booked in the spotlight—and the weather—in image of the weathered Islanders were hailed via satellite to television screens around the globe.

In many ways, those nights were as odd as with a community that normally moves at a much more leisurely pace. By mid-day on June 18th—the day of the Matthew's last voyage—Islanders were huddled at the edge of towns, with drivers and passengers shuttled the rest of the way on yellow school buses. Those already in town quickly learned to abandon their vehicles—surface being trapped in Toronto-style traffic jams. The local college and a school had been transformed into a bus lot, and trailers and tents dotted dozens of backyards and driveways in Bonaville. Islanders played it safe by visiting friends and relatives. In fact, many former Newfoundlanders use last week's celebrations as a chance to come home. Among them were Art and Morley Southcott of North Bay, Ont., who had joined 140 other owners of Newfoundland dogs in a cross-country trader caravan to Bonaville. Art, who is originally from Grand Falls, and Morley, a Cornish Breton native, moved all the island 30 years ago. "We had forgotten how wonderful it was to get fresh lobster right off the boat," said Morley to the crowd of 15,000 at the black Newfoundland College (named for the now-deceased St. John's colony troupe). "Something else that had not changed," added Art, was the people. "There's the same spirit of openness, kindness and sensitivity to everyone's needs," he said.

Similar sentiments could be heard among the fishermen who had sailed some 70 boats from Lunenburg, down the St. Lawrence and along the south coast of Newfoundland before meeting the Matthew in Bonaville. They recalled how, in the tiny outpost of Principia, all 775 residents, including Indians, had been issued with name tags before greeting the British Queen ashore. The sailors were insulated with ready-made showers, meals or simply a cup of tea—a scene that was employed at nearly a dozen other ports of call. "Not to sound too grand about it, but it really was a kind of spiritual help-



The Matthew: an economic and psychological boost

ing evening of the 24th, hundreds of people, many with baby strollers in tow, streamed down to the wharf to gaze at and touch the Matthew. Others sought warmth at the local Union Church, where they listened to choir and eventually broke out in song.

"At land our future, as we live here once they stand, we stand. Their power we never to know about God guard them, Newfoundland."

With exquisite Newfoundland timing, the following morning led St. Bonaville bathed in sunlight and benefit of wind. But there was hardly anyone there to document it: the television trucks with their satellite dishes and most of the 500 journalists who had descended on the town had fled under the cover of darkness. The Queen, too, had taken her leave, heliporting back to St. John's for a gala dinner hosted by Prime Minister Jean Chretien, then on to Labrador and several stops in Ontario before taking part in this week's Canada Day celebrations in Ottawa.

Back in Bonaville, people were still shaking their heads over Mother Nature's foibles. But this being Newfoundland, a sort of humorous fatalism soon took over. "When it comes to the weather, we don't make it, we live with it," said Geoff Peters, a 57-year-old St. John's businessman and one of the key organizers of the yacht fests. Taking another up of his morning coffee, Peters reached for a chocolate raisin. "We're a bit cold, but the weather's good," he said. "If it had been today, it would have been just another day but they'll remember this one for a long time to come." □

peaking," said Bob O'Brien, a Bonaville critic and Toronto businessman who spearheaded the fests. "I got quite emotional about it."

Not everyone, however, arrived in Bonaville in such an upbeat mood. On the evening before the Matthew landed, Assembly of First Nations National Chief Odo Mercredi participated in a ceremony at the foot of the John Cabot statue near the busy city docks of Cape Bonaville. About 100 natives and non-natives gathered in a circle to remember the Beothuks—the original inhabitants of Newfoundland—who, by 1620, had been wiped out by disease and slaughter. The next day, as the Queen's procession wound its way through Bonaville, a few dozen native protesters beat their drums and held shot pistols. Describing the fate of the Beothuks, The Queen briefly greeted the natives, including Mercredi, as she made her way to plant a tree at a native citizen's home. But she did not engage in any detailed discussion of their concerns.

Neither the native protesters nor the weather ultimately detracted from the festive mood. Through the day-long evening of the 24th, hundreds of people, many with baby strollers in tow, streamed down to the wharf to gaze at and touch the Matthew. Others sought warmth at the local Union Church, where they listened to choir and eventually broke out in song.

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Mercredi with protesters: remembering the Beothuk tragedy



Truth and consequences

Ultimately, they seek truth. But the spite of government inquiries and royal commissions accurately going on in every corner of Canada also leaves the impression that the best country in the world is under going systematic breakdown. The Guy Paul Morin inquiry wants to know why Ontario's courts convicted a man of a murder he never committed. The Krieger inquiry is investigating how thousands of Canadians were infected with tainted blood in the 1980s. The Weir inquiry searches for an answer to the question of why 25 men died in a Nova Scotia coal mine that, by some accounts, should never have been worked. The Somalia commission, meanwhile, wrestles with the riddle of the Canadian paratroopers who, for no apparent reason, turned and killed a teenage civilian in an African country.

Taken together, the stories emerging from inquiry rooms across the country are unquestionably horrific. That is, if anybody actually took notice. This week, the Somalia inquiry is scheduled to present its final report to Canada's new defence minister, Art Eggleton. According to portions leaked to the media, the three commissioners will conclude that the attempted covering up of the actions of Canadian troops in Somalia—including the March 24, 1993, torturing of a 17-year-old Somali student. Among—crushed into the department of defence in Ottawa. Political dynamics under normal circumstances—but rather than outrage, Bob Richardson, a vice-president with the Angus Reid Group Inc., expects the nation to embrace a collective shrug. "Canadians," he explains, "simply don't care about inquiries and commissions the way they did 15 or 20 years ago."

Overall is a big part of it. Since Confederation, Canadians have endured some 450 federal inquiries and royal commissions. But even as they are swelled in number, size and cost, critics are questioning their relevance. As former Supreme Court of Canada justice William Estey, who chaired a series of inquiries in the 1970s and 1980s, puts it: "The tool has grown dull."

How dull? So far, none of the main rec-



Critics question the viability of public inquiries



Boyle appearing at the Somalia Inquiry Justice (left): 'the tool has grown dull'

ommendations of the 300-million Royal Commission on New Superconducting Technologies, which ran from 1986 to 1993, has become law. Since landing last year, the massive report of the 35-million Royal Commission on Aboriginal Peoples has disappeared without a trace in Ottawa. The total price tag for the Somalia inquiry is

expected to hit \$14 million, even though former defence minister Doug Young's decision to shut down the findings meant that many crucial witnesses did not get a chance to testify. And then there has been the legal wrangling. Last week, the Federal Court of Canada ruled against two separate lawsuits by Brig-Gen. Ernest Brown and retired general John Boyle, former chief of the defence staff, which called for the Somalia commission of inquiry to draw certain portions of its report or at least delay releasing them. Lawyers for the Canadian Red Cross Society, meanwhile, appeared before the Supreme Court in their ongoing quest to deny the 315-million tainted blood inquiry headed by Justice Breyer Krieger the right to name names and assign blame in Krieger's final report.

Manufacturing such evidence, prominent critics like Boyle say, argues that they are not useful. But not everyone is ready to give up on them—at least not yet. In theory, the goal of a government-appointed

CANADA

Inquiry or commission is single guide public policy on a particular issue, or probe specific incidents or allegations of wrongdoing and then recommend a course of action. Inquiries cannot lay charges or determine guilt, which is left to the courts, but they can criticize and assign blame. That power sits at the heart of various legal actions directed against current inquiries because, critics say, assigning blame can influence the course of potential criminal trials. Even so, in the opinion of some experts, inquiries—which are empowered to seize documents and subpoena witnesses to reach their conclusions—often suffer the best hope of getting to the bottom of an issue. "These proceedings get to the heart of problems and provide the forum for an exhaustive examination," says University of Ottawa law professor Ed Rostow, who headed the commission on racism in the Ontario justice system in 1999.

Whether an inquiry has any real impact depends on the politicians who created it. Calling an inquiry, after all, is one easy way for a government to get inside a political hot potato—like the tainted blood scandal or the Somalia mission—until the public turns cool. But sometimes the relief is only temporary: inquiries often come back to haunt the politicians, either with scathing



Man and his lawyer Jeanne McLane move boxes and documents

recommendations or charges of obstruction about a government attempt to limit their scope.

When their advice is heeded, inquiries

can definitely be worth the money. The \$3.5-million 2000 inquiry into the sinking of the Ocean Ranger in 1982 led to a broad web of regulations governing the safety of offshore oil rigs, which were adopted throughout the world. The 25-couch, \$2.8-million provincial inquiry into deaths at Toronto's Hospital for Sick Children once and for all reinstated nurse Susan Nelles of allegations that she comforted babies in her care. The \$7-million study in the late 1980s into the wrongful imprisonment of Ronan Scott Macdonald Marshall Jr. for murder caused a sweeping re-examination of that province's justice system and the creation of an independent director of public prosecutions. And, spurred by the Ben Johnson doping scandal at the 1988 Olympics, the \$4-million Doherty inquiry, which reported in June 2000, made Canada the first country in the world to systematically deal with the use of performance-enhancing drugs by athletes. "Properly run, the benefits exceed the costs," maintains Newfoundland Chief Justice Alex MacKeen, who chaired the Ocean Ranger and Marshall inquiries.

The operative phrase, though, is "properly run." Critics say today's inquiries are dominated by lawyers who make a career out of derailing the hearings with endless court challenges. As a result, proceedings that once lasted months now drag on for years. And even proponents suggest that governments are too quick to name inquiries. "The calls for them should be more restrained," argues Rostow. "You've got to recognize that inquiries are not the solution to everything."

Inquiries can also go too far in their zeal

for truth. Some created their mandates, on arriving in investigating detail matters any thing but central to the issue they were created to investigate. Even critics of Young's facilitator to shut down the Somali inquiry admit that the commissioners, who spent months examining the pre-deployment phase of the Somalia mission instead of proceeding quickly to events in Africa, hindered the defence master angle jurisdiction for his decision. John Merck, chief counsel for the inquiry into the Westray disaster, decries the adversarial nature of some hearings and fears that commission lawyers can sometimes forget that their job is to unearth information—not establish guilt. "An inquiry is not a trial," he stresses.

To the person at the centre of an inquiry, it can seem like one. Stephen Stevens resigned an industry minister in Hema Maloney's Tory government in 1986 over an apparent breach of federal conflict-of-interest guidelines. The investigating and inquiry set up to examine Stevens's behavior took 35 months and \$2.7 million of taxpayer's money. In the end, the inquiry found that Stevens had violated the federal government's conflict code 14 times while a cabinet minister. His court challenge of the inquiry's findings continues to this day—and so does his contention that inquiries do more harm than good. "We have our own judicial system for matters like these," said Stevens, now a lawyer in Ontario. "They [inquiries] show a dreadful disregard for natural justice."

But for those seeking answers, the inquiry often can provide insights of drama and illumination. Last week, Cory Paul Morris watched as the best friend of Christine Jessop broke down on the witness stand as she admitted to giving false evidence that helped send him to prison in 1982 for Jessop's murder—a crime he did not commit. That was just the latest breakthrough in a four-month inquiry into Morris's wrongful conviction—he was exonerated by DNA evidence in 1999—that has featured continuous revelations about fabricated testimony, tainted evidence and the suppression of information.

Meanwhile, Kyle Brown, a former member of the Canadian Airborne Regiment who spent two years in jail for the torture murder of Anson, says he understands if Canadians feel frustrated by the snail's pace of the Somalia inquiry. "A purge of conscience is not necessary," he told Maclean's, "but Canadians must have insight into what went on. Very serious problems have come to light because of that inquiry." Undoubtedly, the report to the minister of defence will contain some answers. Canadians may not notice in this case. But if an inquiry can point the way forward for the future, perhaps no price tag is too much or investigation too long.

JOHN DEMONTFORT/LESLIE FRIEDMAN in Ottawa

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LETTER FROM
MARMORA, ONT.

Backyard miracles

It is a typical Sunday afternoon for John Grezesides, a 75-year-old retired mechanic, and his wife, Sholagh, 73. Friends and family members congregate in the kitchen of the couple's home near the village of Marmora, 190 km northeast of Toronto. There are more than 100 vehicles and three charter buses in the gravel parking lot outside the house—and more than 500 Christian pilgrims, mostly devout Roman Catholics from southern Ontario and several northern U.S. states, wandering two wooded trails on the Grezesides' 56-hectare property. They have come in hopes of seeing what many others have reportedly witnessed here—visions of the Blessed Virgin Mary. The pilgrims pray and sing. A few weep, or fall into religious trances and collapse. Others say they have experienced another phenomenon that allegedly occurs frequently at the Grezesides' property and other places of prayer—a voice known as the "music of the sun." "It was dancing," says an ecstatic Debbie Cicciulli, a 36-year-old dental assistant from Buffalo, N.Y. "The sun was pink and blue and gold. It pushed the clouds away. I feel very blessed."

The Grezesides held their first day of prayer on a Sunday afternoon in June, 1991, to commemorate their visit the previous autumn to Medjugorje—a mountain village in Bosnia where the Blessed Virgin has reportedly been appearing to devout Christians since 1981. They invited about 50 people—mostly fellow Catholics who travelled to Medjugorje—but 200 showed up after several local priests announced the event from their pulpits. The couple then began holding regular prayer sessions and, within a year, visitors started reporting that they had seen visions of the Blessed Virgin or received messages from her. Since then, the Grezesides say, more than 100,000 people from dozens of countries have visited their prayer site. That includes 20,000 on a single day in October, 1992, when Ivan Despicovic, a celebrated Croatian visionary—one of those who says he has seen apparitions at Medjugorje—came to Marmora. "What's happening here isn't our doing," observes John Grezesides, who says the couple have made no money from the use of their property as a prayer site. "We were picked to do this."

The church hierarchy, though, is keeping its distance. While many Roman Catholic priests have paid private visits, they are prohibited by church policy from commenting on the visions, healings and conversions that have been reported. The local bishop, in this case Archbishop Francis Spence of the diocese of Kingston, could investigate, or turn the matter over to the Vatican if he believed there were merits to the experiences of the faithful. "The official position on Marmora is that there isn't one," says Albert Dunn, the bishop's personal secretary. "He has not made any public statements."

The church has, historically, been slow to investigate reports of visions—and very cautious about accepting their authenticity. Given the volume of such experiences, that is understandable. According to Father Johannes Ruten, director of the International Marian Research Institute at the University of Dayton in Ohio, there have been



The Grezesides: "What's happening here isn't our doing. We were picked."

nearly 8,000 reported appearances of the Blessed Virgin since the third century AD. The church has accepted only a fraction of them, the first in 1605 in Guadalupe, Mexico, and the most recent in 1985 in Belgium. In the early 1980s, six children living in Medjugorje first reported seeing the Blessed Virgin and, since then, more than 20 million Catholics from around the world have travelled to the community. But the church, which began an investigation in 1983, has not yet reached a final conclusion.

None of that deters the faithful or even the ambivalent, who travel to Marmora. On a recent Sunday, Mary Ann Dolloff, a 68-year-old housewife from Alden, N.Y., 30 miles west of Buffalo, led her fifth bus tour to the Grezesides' property. "The greatest miracles I have seen are the conversions," she said, referring to nonpractising Christians whose faith is revived by visiting Marmora. "People arrive with hearts of stone and leave with hearts of flesh."

Emma de Guzman, a 67-year-old Kingston woman who works as a housekeeper in a vicinity who says she has seen apparitions of the Blessed Virgin several times during her visits to the site. "When she comes to me, it's all light," de Guzman said. "It gets closer and closer until I see the figure of the Blessed Mother. She is very beautiful, with a beautiful crown and a shining gown. She's saying, 'I am your mother, the mother of faith and love. Stand firm in your faith.'"

The Grezesides say that people visit almost daily, including Christians. The big crowds generally arrive on summer weekends and feast days devoted to the Blessed Virgin. "A lot of people ask for an explanation for all this," says Sholagh Grezesides, "and I say we live in a very technical world. You can turn on the TV and get an instant view on CNN. I can pick up the phone and talk to my brother on the other side of the world. I think what's happened here is the Creator's way of saying, 'Try up here—and I've said just my hands on things.'"

DARCY JENISH

Maclean's

On The WEB

In addition to articles from the current issue, the site offers original items of interest to Internet users. A sample:

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Web NOTES

CAUGHT IN THE WEB

Bad drivers on Canada's West Coast beware. A novel Internet Web site now invites Vancouver-area residents to snitch on madhead motorists. By connecting to *Blondie Idiots: British Columbia's Record of Dumb Drivers*, witnesses to such potentially lethal misadventures as failing to signal, dangerous lane changing and red-light running can report the details—complete with the offender's licence plate number—for others to see.

Last June, Trevor Wilson, a native of Australia who has lived in the Vancouver area since 1994, launched the Web site after he saw a motorist speeding through a school zone. "I'm not one of these people that likes to jump out and abuse people," he explains. "And I didn't have a cell phone on me to call the police. So I thought, 'What else could I do?'"

Japan's Digital Diva

For rising 17-year-old Japanese pop star Kyoko Date, image is, well, everything. In fact, although she has several successful singles to her credit, and will soon be appearing in video concerts and TV commercials, Kyoko is nothing more than the computer-generated offspring of Tokyo model agency HoriPro. Constructed from some 40,000 polygons, her face alone required 10 graphic artists to complete. For more information, visit the Kyoko Date Info Page.

Browser Bent

From hits on its Web site, U.S.-based BrowserWatch estimates that 63 per cent of Web surfers now use Netscape Navigator as their browser, while 27 per cent use Microsoft's Internet Explorer. Barely in the running are IBM WebExplorer (2.1 per cent), IBrowse (1.9 per cent), Lynx (0.9 per cent), and AOL for Windows (0.5 per cent).



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On The WEB

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This Week

• Health care reform by D.B.

The federal government must take leadership in seeing that the provinces receive sufficient funding to staff and operate hospitals in all of Canada. We are fast approaching Third World standards in terms of health care. If we can't afford to look after our own people, why do we seem to look down on less-prosperous countries?

• Bre-X, looks for gold? by E.

My only hope is that we in the industry do not pay for the mistakes, greed and incompetence of a few if the Bassing saga turns out to be a sham. Responsibility, I guess, will be directed towards the one who is already dead. But much blame should befall the security regulators, for their duty is to verify the quality of work being done on an exploration property. And please Mr. Walsh, if Bassing turns out to be a pile of fool's gold, take your share of the responsibility or get out of this industry.

• Sexy Canadians? by M.D.

I'd have to agree. Most Canadians I've met outside of Canada have tended to be polite, perhaps a little self-righteous, well-educated, competitive drinkers, on the chubby side, happy looking and mutually respectful. But sexy? No.



Obituary

Quiet excellence

In the late 1940s, Marc Lalonde was a young assembly worker in Montreal, trying to plan his life. For advice, he went to Gérard Pelletier, then a reporter with the newspaper *La Presse* and a man known as a socially concerned intellectual. He Lalonde recalled, Pelletier listened while he "explained my quandary"—whether to study social sciences or law. Because Pelletier had done neither, he suggested that Lalonde seek out "a guy now working for the Privy Council in Ottawa who has done both." Lalonde thus met Pierre Trudeau. At one point in Lalonde's law career as politician and lawyer, he was considered Trudeau's brightest, most influential cabinet minister. Lalonde now says admiringly of Pelletier, who died of cancer on June 22 at age 78: "I don't know which was more impressive, his personal modesty, or his total commitment to service."

Pelletier is most remembered as one of the "Three Wise Men" who, with labor leader Jean Marchand and university professor Trudeau, went into federal politics in 1955 to stand the rise of separatism. But while his spearheaded passage of the Official Languages Act through Parliament in 1969 as secretary of state, politics was arguably Pelletier's least favorite area of achievement. "Gérard," says Lalonde, "was not much for the sort of banal cut-and-thrust of the House of Commons." At other times, he was also a labor activist, newspaper editor, diplomat and well-revered author.

Pelletier was what Quebecers call a *museur*—someone skilled at bringing people together. He did that with Lalonde and Trudeau, and later—with more fireworks and less success—with Trudeau and René Lévesque. Pelletier's regime, from 1968 to 1980, began with a vivid description of Trudeau, Marchand and Pelletier among a party of *Lévesque*, who after his arrival appealed everyone by *debating* a huge hiking of mustard over a rare steak. Pelletier's Sunday morning, aperitif brunches on that he engaged with his wife, Alice, at their cottage-style Elm Street home in Westmount, were legendary for the quality of debate and guests. That was also the case with the dinners the Pelletiers gave in Paris,

where he served as Canada's ambassador for six years from 1975.

Despite his achievements, Pelletier was an almost excessively diffident man who avoided the limelight. "He was highly intelligent, with an intellectual elegance," said Mitchell Sharp, a senior minister under prime minister Lester Pearson when the

is a minimalist, bedding-in room." Pelletier had a shy sense of humor, and confessed at times that "I take much more amusement than I really should" from the verbal pyrotechnics involving Lévesque and Trudeau. His own 10 years in politics were bumpy. He dabbled in the House of Commons. Despite his fair for dinner-table conversation, his public speeches were uninspired. He never forgot the difficulties he endured in Western Canada—orchestrated by John Diefenbaker—over the introduction of official bilingualism. But, says Gordon Robertson, a former clerk of the Privy Council, "it was Gérard's restraint."

Pelletier's relationship with Trudeau was complex. "It's me who followed him often," said Trudeau recently. Pelletier was one of the few people to always speak bluntly to Trudeau. Author Ron Givens, in his book *Overlooked Kings*, recounts how Trudeau in 1959 argued over whether to intervene in politics after the collapse of Joe Clark's minority government. In a telephone call to Pelletier in Paris, Trudeau said "I can imagine someone else being prime minister, but I can't imagine anyone else being the father to my children." Responded Pelletier: "You're not free, Pierre. You have to stop." Pelletier, despite Trudeau's affection, kept a careful distance. As an ambassador, he never called Trudeau directly instead, he sent messages through Jacques Lacombe. He told Fisher that his relationship with Trudeau was that of "close colleagues rather than friends"—Trudeau, for example, never came to his Sunday lunches.

The death of Pelletier, who had four children, leaves Trudeau as the surviving "Wise Man." Marchand died in 1983. It marks the loss of one of the public leaders in the fight against Maurice Duplessis's stifled Quebec government in the 1940s and '50s. "No one who was not there could understand the courage that took," says Lalonde. The relationship between Trudeau, Marchand and Pelletier was largely forged when they took to the picnic lanes together at a famous labor showdown against Duplessis's union-busting provincial police in 1948. In tribute, Quebec Premier Lucien Bouchard called Pelletier "one of the people who helped develop modern-day Quebec" while Prime Minister Jean Chrétien, who served with him in Parliament, said, "I have lost a friend." In death as in life, Pelletier the *museur* still brought together political foes.

ANTHONY WILSON SMITH



Marchand (left), Pelletier (centre) and Trudeau: 'Three Wise Men'

Three Wise Men came to Ottawa. "That of the trio, he was the one nobody ever thought would be prime minister." Pelletier's courteous manner and careful way of speaking often led to the presumption that he was from an upper-class family. Journalist and former politician Doug Fisher, recalled his surprise at seeing the modest style of Pelletier's home when he visited. "I learned he was the son of a railwayman, just like me," says Fisher. "We took off from there." Pelletier, born in Victoriaville, was the youngest of eight children. He met Trudeau while both were attending the University of Montreal, and later wrote: "He was the son of a *millionaire*" while "I lived

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RAIN FOREST SHOWDOWN

The RCMP arrested 24 protesters, including several from Greenpeace, for blocking a logging road on King Island, 556 km north of Vancouver. Police said the demonstrators were violating a two-year-old injunction, granted to the interior logging company Greenpeace is currently mounting a \$280,000 campaign to end clear-cutting in British Columbia's old-growth rain forests.

MCLEAN DEAL FIZZLES

Al McLean, former speaker of the Ontario legislature, tried to settle a wrongful dismissal claim by one of his former aides, Sand Thompson. Last year, Thompson asked for a settlement by alleging that McLean pressured her into having sex and then tried to sue her after she refused to continue the relationship. McLean has changed his strategy. The case now goes to court, and could cost taxpayers more than \$400,000 in legal fees.

PATIENT CHIEF

Maxwell Zilber, a 74-year-old mentally ill patient at Toronto's Sunnybrook Health Sciences Centre, was charged with three counts of second-degree murder and one count of arson. On June 4, a five-cent disease broke blowing through the hospital, killing these patients and forcing the evacuation of hundreds of staff and patients. The hospital has launched a review of its safety procedures.

BIKER BULLES

About 70 police officers stormed the Red Deer, Alta., headquarters of the One Raspers motorcycle gang. Police said the raid was also a message to the Hell Angels, which are rumored to be interested in merging with the Raspers to gain a foothold in the province. In Ontario, meanwhile, over 300 police officers targeted Satan's Choice clubs and members' homes across the province, making 35 arrests.

GAY AND LESBIAN RIGHTS

Ontario's Human Rights Commission urged the province to redraft spousal and marital status to include same-sex partners. The changes should be made quickly, the commission said, because gays and lesbians are unfairly targeted in making decisions about basic issues such as estate planning and access to a partner's health benefits.



TOO MUCH CELEBRATING: Police arrested more than 100 people in both Quebec City (above) and Montreal when Fête Nationale revelers went on rampage. Hundreds of looters smashed windows and pulled police with rocks and bottles for the second year in a row in Quebec City during the annual St-Jean-Baptiste Day celebrations. Montrealers also went on a spree of vandalism. "It might be surprising that free societies like ours have to get used to it," Premier Lucien Bouchard said of the rioting. "We have to accept the fact that there are marginals in our society that this is not a dictatorship."

The fight for Pacific salmon

With the West Coast salmon fishing season about to open, talks between Canada and the United States aimed at setting quotas collapsed, leaving both sides vowing to catch the maximum amount of salmon possible without endangering stocks. In the aftermath of the failed negotiations, Foreign Affairs Minister Lloyd Axworthy reiterated Canada's request for binding arbitration—something U.S. negotiators have repeatedly rejected—saying it would be "one way of demonstrating goodwill."

But U.S. Premier Glen Clark was on no such road for diplomacy. "British Columbia needs to develop a fishing strategy that is aggressive,"

Clark said. "We should try to ensure that the Americans are worse off without a treaty than they would have been with a treaty." Clark has already served notice that he intends to seek consultation of a treaty that allows the U.S. navy to test weapons in Canadian waters. Federal Fisheries Minister David Anderson, meanwhile, announced Canada's own salmon management plan. The total Canadian commercial catch for Pacific salmon in 1997 will be 24 million fish, which includes 12 million sockeye—well over the 9.9 million fish that Canadians have, on average, caught annually over the past 10 years. Anderson said the higher catch would not jeopardize fish stocks.

Allegations of Federal Court impropriety

Lawyers for three alleged Nazi war criminals told the Supreme Court of Canada that their clients' deportation hearings should be halted. They argued that a secret meeting last year between assistant deputy justice minister Ted Thompson and Federal Court Chief Justice Julius J. Leveson—at which Thompson complained about the slow pace of the men's proceedings—raised concerns over judicial independence. Justice Beverley McLachlin, however, chided one lawyer for his claims. "Because one person or two or three act improperly," McLachlin said, "our system doesn't stop." "We don't deal with these questions." The court reserved judgment on the case.



...the move as sending "a very loud signal to Hong Kong and to the rest of the world."

Yet far better or worse, the assault of the handover will be far beyond Hong Kong's own 1,000 square kilometers—in Taiwan, in the wider Asian region, and, especially, in China. The neighboring province of Guangdong, where Shenzhen is located, already understands the power of Hong Kong's money. Since 1980, Hong Kong companies have built more than 60,000 factories and assembly plants there, employing more than six million Chinese. "Hong Kong," notes Canada's commissioner to the territory, Garrett Lambert, "has basically already made Guangdong province its hinterland." As links with the rest of the country grow in the wake of the handover, that fire is bound to spread further.

Silk, flowers and banners aside, there was little overt anticipation of the fruits of reunification evident at Shenzhen last week. "It won't make any difference to me," said a woman behind the counter of a shopping-class goods shop within sight of the heavily guarded internal frontier that separates Shenzhen's Special Economic Zone from the rest of the mainland. "It won't make it any easier to get to Hong Kong."

In fact, it is hard to imagine how much more impact Hong Kong could have on this part of China. Photographs of Shenzhen taken in 1978 show a sleepy fishing village of 2,000 people surrounded by rice fields. In the wake of economic reforms enacted the following year, however, billions of dollars in investment, mainly from Hong Kong, have transformed Shenzhen into a pulsating modern metropolis of 17 million. At 58 stories, the gleaming, teleshielded Shun Hing Square tower dominates in Asia's second-tallest building. Architectural puns may abound, but such bookends seem to be long repeated in cities across China, often with Hong Kong's help.

Newsweek over Hong Kong: jumping Auld Lang Syne at a British house farewell concert—example for Taiwan—and China

Beyond the handover

Hong Kong's return will have wider impact

They are the ghosts at the banquet. Crowding green banners built at the peak of the Cold War, they dot bare hilltops along the southern side of Hong Kong's 23 km border with China. For decades, they have deterred people fleeing China's political and economic turbulence from crossing lightly into the comparative freedom and prosperity of Hong Kong. But increasingly, the banners are out of date. Positions that once commanded a sweeping view of the rural Shenzhen plain to the north are now under the eye of even higher observation points: the revolving restaurants and perfume offices atop soaring skyscrapers in the dazzling new city that has sprung up in Shenzhen since 1980. And a steady drop in the number of people trying to cross the frontier reflects the reality that by week's end, Hong Kong is many ways to be just another city in China.

Differences will remain, to be sure. As dignitaries, including China's President Jiang Zemin, were due to participate at this week's fireworks-punctuated handover ceremonies, Hong Kong is promised wide-ranging autonomy under the principle of "one country, two systems." But the island is still large as Shenzhen's three-headed hawklands. Armed strings of festive Chinese lanterns hang from lampposts, brightly colored banners exhort China's citizens to "Celebrate the reunification of Hong Kong

with the mainland!" In Shenzhen, as in Beijing and most other Chinese cities, massive celebrations were planned to drive home the message that Hong Kong's return signals the end of Chinese humiliation by foreigners. The implication for China and its neighbors is unmistakable. The dragon is once again ascendant.

The wider view is harder to achieve in Hong Kong itself. Self absorbed at the best of times, the territory spent its last few days under British rule in last-minute prinking, partying and petting. A round of farewell concerts marking the British departure was archly dubbed "The last night of the Puccini" by one newspaper.

And buckering continued down to the final hours. The British argued with the Chinese over who should take over the territory's schools—Beijing or the incoming Special Administrative Region government. Members of the outgoing elected legislative council passed a last-minute roll of liberal laws—which members of the incoming Beijing-appointed permanent legislative council promised to repeal as soon as they took office on July 1. More seriously, China announced that as part of its initial deployment of 4,000 troops in the territory, 23 tank-like armored vehicles would roll in within six hours of the handover. With memories still vivid of the tanks involved in Beijing's bloody 1989 crackdown on pro-democracy demonstrators in Tiananmen Square, outgoing British Gov Chris Patten



ON ASSIGNMENT CHRIS WOOD IN HONG KONG



The territory's return has also had a major effect in the larger arena of East Asian relations. Aside from the strategic advantages of Hong Kong's tilted port, there is the renewed self-confidence that the historic transfer seems to be imparting to Beijing's leaders. Communist strategists have taken advantage of the moment to launch a propaganda campaign whose central message is that China, having shown a decided aversion to imperialism by outsiders, is now again Asia's preeminent power. President Jiang was expected to officially declare the new China-rising doctrine in a speech in Beijing on the evening of July 1. According to leaked reports, Jiang revisited "a greater China economy and civilization," built on a foundation of patriotism that would "lead the Chinese race to new glories."

Being clearly anticipatory of a new era—or at least reconceived borders—No sooner was Hong Kong to be welcomed back to the mainland than authorities planned to erect a giant clock in Tiananmen Square to count down the seconds until the next bit of Chinese soil returns to Beijing's rule. That will happen at midnight on December 20, 1999, when the Portuguese-administered territory of Macau, across the Pearl River estuary from Hong Kong, is handed over along with its 400,000 people.

Yet Macau is a footnote compared to the territory that Beijing long meant to regain: Taiwan. Since the nationalistic Chinese army of Chiang Kai-shek retreated there in 1949 after losing to Mao Tse-tung's Communists, the island has styled itself the Republic of China and claimed to be the only legitimate government of the mainland. But the claim is increasingly threadbare. Only 30 countries give Taiwan diplomatic recognition, most on the order of Barbados, Palau or Tuvalu. And the island's 21 million inhabitants are divided on whether to reconcile with China or to declare independence. In real politics to mark the Hong Kong handover, nationalists in opposition to a new independence group declared, "Say no to China, say yes to Taiwan."

Hong Kong's return has unquestionably turned up the heat on Taiwan. Beijing, in fact, has offered the island no vote higher or degree of autonomy than Hong Kong will get, promising not only political and economic freedom but an independent military. The Taipei government, however, rejects the system "imposed on Hong Kong," says Taiwan President Lee Teng-hui, "because the most important reason across the Taiwan Strait differs categorically from Hong Kong's situation." Taipei insists on being treated on an equal footing with Beijing, explains Suwe Chang, who heads Taiwan's unofficial embassy in Hong Kong, the Kwang Hwa Information Centre. "The government at Taipei," she says, "doesn't want to be downgraded to a provincial government."

Still, that was precisely how political officials planned to treat the Taiwanese military when the handover ceremonies began. And other pressures are certain to follow. From July 1, it is a criminal offense in Hong Kong to advocate independence for Taiwan (or Tibet, which also harbors strong separatist sentiments). And Beijing will order closed the handful of consulates in Hong Kong from countries that recognize Taiwan. Unhappy President Lee: "This trifles to China's credibility and increasing pressure on our existence."

Beijing, certainly. A Chinese official quoted in Hong Kong last week said that China's Jiang had instructed mainland think-tanks to find new ways to force Taiwan into reunification. "After this year," the official said, "Taiwan will take centre stage." In default reply, Taiwan's military last week scrambled six American F-16 and French Mirage 2000-5 jet fighters, as well as tanks and naval units, in a two-day display of defiance power.

But in the long run, the legacy of Hong Kong's return may be greater in China itself. For the moment, the "two systems" are evident to anyone crossing the border from Hong Kong to Shenzhen. On a wall behind the immigration counters on the Chinese side, an illuminated notice declares illegal to import any printed matter or other media "dangerous to the political, economic, cultural or moral

interests of China. "Whether in a hotel restaurant or with investors placed on each floor. Everywhere, public notices proclaim the politically correct slogan of the day (only in Shenzhen, a curious whiff of Business 101, as in the huge blue and white billboard in one industrial area that declares: "Time is money and efficiency is life").

But chaos is coming—when taken at the tip of a cheerleader's baton of the hurried agenda. Since the beginning of this year alone, new share placements by awarded red chips, large mainland-owned companies listed on the Hong Kong stock exchange, have raised a staggering \$2.4 billion for capital investments in mainland China. In many instances, unrelenting enthusiasm for the Chinese issues has defied economic logic, with share prices soaring to 80 times company earnings or more. As a result, says financier Francis Leung, whose Perpetua Investment Holdings Ltd. has at the tip of its largest red-chip issues to market, "the Hong Kong stock market is a very cheap way for China to raise money."

It is also becoming a finishing school of sorts for mainland managers. Exposed for the first time to the scrutiny of outside shareholders, many red chips have had to renege on some of their previous boasts. "The requirements of the international investors have helped state-owned companies to reform," says Leung.

The pattern goes beyond high finance to dozens of other areas of business, public administration, crime control and technology. Noting that 600 Chinese delegations visited Hong Kong during 1996 to study how the territory works, Canada's Lambert observes: "Even the Chinese government hopes that Hong Kong's impact on China in these areas will be greater than the other way around."

Beijing, however, looks differently about potential returns. And there, too, Hong Kong's influence on the mainland may be impossible to reverse. The choice last December of shipping tycoon Tung Chee-woo as Hong Kong's new chief executive was made by a committee composed of only 400 carefully selected people. Yet Beijing's willingness to give Hong Kongers more voice, and to allow an open field of candidates who campaigned publicly, has galvanized mainland intellectuals and party officials. Said a Beijing academic: "Why can't people in Shanghai and Tianjin elect their own chief executive? Why can't people elect their chief executive?"

For now, the "two systems" remain in place. And Hong Kong remains a magnet for mainlanders seeking freedom and greater prosperity. But as differences between ways of life on each side of the border diminish, so does the attraction of Hong Kong's often rough-edged capitalism. Caught between Hong Kong's often rough-edged capitalism and the mainland's socialist system, many mainlanders will find the Hong Kong's often rough-edged capitalism a less attractive option. In fact, a growing portion of those intercepted on land—likely 15 per cent in recent months—are headed back towards the mainland after failing to find work in Hong Kong. "No one would bother trying to cross now," says Shanghai taxi driver Lin Gong-san, showing two visitors the streets of the area, including a distant view of the sprawling hilltop observation points. "It's just the same over there as here."

Not quite yet, perhaps. But soon, maybe.

PHIL LIZJIAN 30 on Hong Kong

THE 'CAGE PEOPLE'

Reporters routinely describe Hong Kong glowingly as "prosperous" and "booming." To Wang Gou-sang, the clothing ring hawker, the 45-year-old worker toils over chemical warts in a battery factory for \$500 a month, and comes home at night to a five-bedroom flat cubicle his share with his two sons, ages 8 and 14. The tiny space is almost filled by a red steel bunk bed, fitted with thin straw mats. The family's few belongings hang in plastic bags ticked to the wall. Wang, who came to Hong Kong from China late last year, pays \$41.3 a month—nearly half his meager salary—for the space, including a premium to enjoy its single small window. Other, windowless or less cluttered than the two-sided bunks that border the door, and the kitchen where someone hauled hot plates live up beside a single water tap, cost \$270 a month. Still smaller spaces barely fit a toilet.

high, folded between the lower cubicles and the cement ceiling, fetch \$107. "There is more space in China," Wang said last week with a resigned smile. "But this water to work in Hong Kong."

The Hong Kong government calls such warrens "bed-space apartments." Social activists are more descriptive: they call them the Wangs' "cage people." By their name, their personal demerits states that not all Hong Kongers fit the stereotype of Mercedes-driving, portfolio-juggling wheelers-dealers. In fact, close to half the territory's 6.5 million residents live in public housing. One in 10 receives some form of social assistance. There is no help for the unemployed—whose number, though an invisibly less 2.6 per cent of workers, is creeping up as unskilled factory jobs are transferred to China.

How many people live at the very bottom is disputed. Officials maintain there are fewer than 2,500 at so-called bed-space apartments. Social activists say the figure is closer to 10,000. One reason for the discrepancy is officials' curious way of counting such spaces: if a flat is subdivided into more than 12 bed spaces, the social welfare department does not include them in its rolls. What is agreed is the length of time that families like the Wangs can expect to wait before a public housing unit becomes available: as long as seven years. Growing child excitement Tung Chee-woo has promised change during the campaign that preceded his selection by a Beijing-appointed committee last December. Tung promised to release more space for public housing. But critics say that when the Hong Kong government has done that in the past, wealthy developers like Canadian-connected billionaire Li Ka-shing have snatched it up for private sector housing.

Security guard Chung Sing, 56, is pessimistic. For the last 3½ years he has occupied an upper cage not far from the Wangs. Douching at his grilled door to take a shower, he says, "The Hong Kong government only cares about the rich. It doesn't care about the poor people. We are poor." Like Wang Gou-sang, Chung Sing said he would not join this week's showy celebrations of Hong Kong's handover to China. He has little to celebrate.

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Change in the Wind

World

Mexico's ruling party faces a strong challenge

From the slopes of the Guadalupe volcano on the southernmost edge of Mexico City, the valley that is home to the biggest city in the world stretches as far as the eye can see. By official count, 28 million people live in the sprawl below—but so many keep flooding in that some put the figure as high as 20, or even 28, million. From the volcano, the city centre a dozen kilometers away is little more than an indistinct impression through the blanket of smog trapped by the surrounding hills. Down there, even its expensive suits are doing double or triple duty. Mexican technology is fairly new in New York City: brown the boutiques of the Zona Rosa, tell young people—known as the local slang as *chicos* (strawberries)—to tell away their limited money in the bars of trendy Presidente Masaryk Street. It is little more than a half-hour car ride from the volcano to the beach, but it is much more than a world away.

Around the hill, the concrete is more than close. In Mexico City, the farther one goes up the slopes of the extinct volcano that ring the city, the denser are the streets, the shabbier are the houses and the skinner are the dogs. By Colonia Miraflores, where the settlements end and the beach, indeed has begun, the poverty is profound. Most of the 14,000 people there are unacquainted, a place where work earns a minimum wage of 20 pesos (less than \$5) a day that a political campaign, like a circus, has a way of generating its own enthusiasm. So when the man who succeeded to win the leadership of Mexico City next week comes to visit, the streets fill up and for a while at least, there is color and noise and something resembling hope. Cuauhtémoc Cárdenas Solórzano, a lanky, soft-spoken man who is leader of the left-wing Party of the Democratic Revolution, climbs atop a makeshift stage and tells 500 people what they already know. "You have many problems here," he says. "It is time to start doing them. Until this year, it was the president of the country who appointed



Mexico City's mayor from among his cronies in the ruling Institutional Revolutionary Party (Isla) by its Spanish initials in 1993. The PRI has governed for 68 years with the collapse of communism it is the world champion of one party rule, and its grip on the capital is just part of an unswerving system of power. On July 6, however, the people of Mexico City will choose their leader for the first time, while voters across the country of 50 million will elect the 500-member Chamber of Deputies, a quarter of the Senate, and six of the 31 state governors. The PRI's power is under attack as never before: polls show it could lose its perennial majority in the chamber, and all-governor certainly lose Mexico City to Cárdenas's PRD. That would be the biggest blow yet to a party whose insatiable wars and elaborate network of corruption is an outright embarrassment to Mexicans who like to think of themselves as part of the advanced world. The elections—halfway through the six-year term of President

Ernesto Zedillo—come at a debate time. The past three years have been a nightmare for Mexico: a bloody peasant rebellion in the southern state of Chiapas, the assassination of two major political figures, including a 1993 presidential candidate, a 40-per-cent devaluation of the peso that devastated middle-class savings, skyrocketing crime, and charges that the family and close associates of former president Carlos Salinas de Gortari took millions from drug traffickers. The stakes in the once-staid Mexican press are now as high as those anywhere: Salinas's own brother, Raúl, has police in prison, accused of masterminding the murder of a secretary general of the PRI and mounting a flight to France through false passporting. In a society where everyone assumes that most everyone else is for sale, the rumor mills have been working overtime.

In the early '90s, Carlos Salinas was the symbol of Mexico's hopes of joining the First World of developed nations by becoming what Prime Minister Jean Chrétien once jokingly called one of the "three majors" of NAFTA, along with the United States and Canada. Salinas's graying, unshaven visage adorned the covers of magazines around the world, trumpeting Mexico's new whiff of Foreign Investors—including many Canadian companies—crushed in the deal. In 1993, Mexico was held—second only to China among developing nations in the competition for global capital. Now, Salinas is self-imposed exile in Dublin, in a language so deep that it makes Brian Mulroney's post resignation popularity in Canada seem trivial by comparison. Street vendors peddle Salinas vengeful dolls and Salinas rats, some

carry plastic trash bags stamped with his unmistakable face and the mocking slogan "New ruler, when you vote, corruption comes first." The PRI is struggling to get out from under that legacy. Salinas's elections will test whether it can succeed—and whether Mexico can finally call itself a democracy.

Cuauhtémoc Cárdenas is an unlikely figure to carry the aspirations of the volcano dwellers on his slapping shoulders. At 52, he comes from one of Mexico's leading families and has been a national political figure for two decades. Both his names are freighted with historical significance: the original Cuauhtémoc was a 16th-century Aztec warrior who fought the Spanish conquistador Cortés, while his father, Lázaro Cárdenas, was a key early president who nationalized Mexico's oilfields in 1938. Cárdenas was never once a senior PRI official, but he ran the party in 1987, founded the second democratic PRD, and ran unsuccessfully for president in 1988 and 1994. Now he stands to take over Mexico City and become the country's second most important political figure, after the President himself—and the automatic front-runner in the presidential election of the year 2000.

On a hot and dusty Sunday, he is campaigning in the southern part of the city, stopping a dozen times in neighborhoods that became poorer as he ascended the hills. It is old-style campaigning: a caravan of cars that halts every kilometre or two for an open air rally accompanied by a tuneless though enthusiastic brass band. "You

need to keep the personal touch in Mexico," he tells a visitor. "You have to get out and touch people." Cárdenas is 15 to 20 points ahead of the PRI candidate, and "the official party," in it is commonly known, is doing best to discredit him. He is dangerously leftwing, they say, and sympathizes with leftwing rebels in Chiapas and the southwestern state of Guerrero, where a shadowy group called the People's Revolutionary Army has clashed with soldiers in the final weeks of the campaign, killing five of them. If Cárdenas wins, goes the argument, foreign investors will be alarmed. There will be instability and the peso will fall once again.

As his car bumps along between shops, Cárdenas considers that and laughs. "We've had nothing but stability," he says. "Investors are intelligent enough to know

Left-winger Cárdenas campaigns to lead Mexico City, a family lives on the street in the capital (right). Mid-term elections come at a debate time for President Zedillo, testing whether Mexico can finally call itself a democracy.



that the more democracy we have, the more likely we are to have stability." What is true is that Clinton believes Salinas and Zedillo had ignored ordinary people in their drive to open Mexico's economy to the world and do away with decades of protectionism. NAFTA should be renegotiated, he says, and social spending in poor areas increased. And there are problems that transcend economics: in the past three years Mexico City has become a much more dangerous place. Street crime is soaring; nearly everyone has a story about being mugged—often by gangs that hijack taxis, pick up unsuspecting customers and rob them at gunpoint. "Crime is up 30 to 40 per cent in each of the past three years," says Cardenas. "We are going to fix this way. But the system is so corrupt that no one trusts it to solve the problems."

Official figures bear out much of what Cardenas says. Severe economic crises—usually coinciding with the end of a president's six-year term—have robbed Mexicans of much of their purchasing power. Real incomes fell 20 per cent, on average, in the two years following the peso crisis in December 1994. The country's emerging middle class was harder hit, and the so-called NAFTA generation—educated, young people who had been told that they were about to ride a wave to First World prosperity—had their dreams cruelly dashed. Cardenas is heralding from these frustrations, but it is far from obvious how a more rational, even if a megapolitan, such as Mexico City, can address them.

The more important race is for the lower house of Congress, and the polls suggest that the PRI may lose its absolute majority there. If it does, President Zedillo will be forced to share power with the opposition—Cardenas's PRD and the conservative, northern-based National Action Party. Losing Mexico City would be largely symbolic, but it would have a real impact on the PRI's agenda. Rather than a classic political party based on ideology or regional loyalty, writes journalist Andres Oppenheimer in his recent study of Mexico entitled *Bordering on Glass*, the PRI has long been "a political title that clung together to diverse constituencies."

These interests include groups like the military, the economic elite and regional power brokers. But they also involve a web of patronage that reaches to every street. Taxi drivers, restaurant workers and even show sinners belonging to unions affiliated with the PRI. To work, they need permits from the unions, joining the union involves paying dues that go to the party, and turning up



wherever the PRI needs a campaign crowd. If an opposition party takes over Mexico City, predicts political scientist Federico Salvati, that web will disappear—as it has done where most parties have power in other states and often. "The local PRI will implode," says Salvati. "Every state that loses PRI control undergoes a reevaluation. It's not a party of volunteers. It's a party of patronage. When the patronage stops flowing, it falls apart."

Some have quit the party. Manuel Camacho Solis, a former appointed mayor of Mexico City and sometime Mexican foreign minister, walked out in 1995. His critics say he left because former president Salinas failed to designate him as his successor; Camacho says he quit because after the peso crisis President Zedillo shifted the balance toward the PRI demagogues toward the old party chieftains, known as Mexico's political shorthands as "caciques." Now Camacho is forming a new central party and may seek the presidency in

Reliving in a Mexico City park, the ruling PRI maintains a web of patronage that reaches to every street.



Northern Telecom's phone assembly plant in Monterrey: a core, pre-business attitude

north, the American market is a major stimulant to development. But the groups of Monterrey are paying more attention to Canada. In July they met a 20-strong delegation to Toronto and Ottawa to expand business contacts.

There are already significant links with Canada. Nuevo Leon has only four per cent of Mexico's population, but it produces 30 per cent of manufacturing exports and gets 20 per cent of foreign investment. Among the dozens of foreign companies in Monterrey, one of the newcomers is the Mexican subsidiary of Northern Telecom Ltd. of Mississauga, Ont. Local officials frequently cite NorTel's gleaming, three-year-old plant on the outskirts of the city as an example of how a foreign company can prosper. The plant assembles an average of 30,000 to 35,000 telephones sets a week to the company's

demanding international standards. NorTel wanted a presence in Mexico partly to take advantage of the deregulation of the country's telecommunications system. It chose Monterrey, says Jorge Contreras, the company's human resources director, in part because "this is a working culture. We hardly have any labor problems here."

Northern Telecom's Monterrey operation underscores the advantages—and drawbacks—of Mexico's famed maquiladora program. Maquiladora plants import components, while keeping sophisticated high-tech jobs in Canada and the United States.

'The system is so corrupt that no one trusts it to solve problems'

2000. "I tried to reform the regime from the inside," he says, sitting in his spacious study in a quiet corner of Mexico City. "We were able to win some freedom and stop repression. But we didn't have enough strength to transform the system and make the transition to complete democracy. It ended in total confrontation with the old guard, the dinosaurs. You have to keep your dignity, so I said goodbye."

Others continue to work inside the PRI, but avoid any title beyond that of civil servant. Jorge Arambide, a former minister in the northern industrial state of Nuevo Leon, is campaigning for the PRI candidate for governor out of what he calls "loyalty." But even he maintains it would be better if the party broke up, and new forces emerged to pick up the pieces. "We are living through the collapse of the system," says Arambide. "So working on the PRI, but I have eyes. I can see the reality. No party with 70 years in power will change by itself. It needs a shock."

That is the kind of talk that keeps the elite of Mexican politics arguing late into the night. But most ordinary people have more pressing matters on their minds. In Colonia Miravilla, the poor neighborhood that was on Cardenas's campaign list, they include such fundamental matters as water—and why the taps there flow only one or two days a week. Maria Helena Treviño, a tiny, cheerful woman of 67, helps to run a subsidized community store called *El Granito de Arena* that sells basic goods to poor and middle-class families at low cost out of a one-story concrete-block building. "The politicians, she says, "just make promises, and then ignore us." She has never known a party other than the PRI to be in charge, but expects that the PRI will take over after July 6. "Cardenas has more in common with the people," she says, and adds apologetically: "He has contacts with Fidel Castro, so he must be able to help us."

Further up the hill is Juan José Juarez, a weather-beaten 57-year-old man who is poor even by local standards. His family is now of middle class and in a small-scale project financed by an unlikely source: the Canadian taxpayer. Cardenas's entrance in Mexico will fund about 45 social projects around the country this year at a total cost of \$650,000. They involve such activities as environmental action, women's groups and native communities—as well as the Miravilla project. It could hardly be more basic: the landfills collect organic garbage from the neighborhood and turn it into high-quality fertilizer that they pack into plastic bags and sell for 50 cents a kilo. "They can also use a lot of bark, seeds and a rudimentary artificial system to raise their own vegetables. It isn't much, but it is more than nothing at all—what is what they had before."

On the wall of the concrete hut where the families meet, they have posted a mural

Of itself, Canada trade with Mexico has continued to grow despite the country's economic woes. Total commerce between the two countries topped \$7.2 billion last year (it was just \$3 billion in 1991). But Canadian exports amounted to only \$1.2 billion, while imports from Mexico were just over \$6 billion, investment has been uneven. Well-established Canadian companies such as the major banks, Bombardier, Inco International and, of course, Northern Telecom weathered the peso crisis. But many smaller Canadian companies were scowed off, and have been slow to return.

That does not seem to bother Ottawa, though. Officials were in Mexico City recently to plan a second job fair: Ten Canadian trade missions to the country start in January. They will be asked to include Monterrey on their itinerary.

A.P.

The city that works

There are many Mexicos: the capital city, with its political intrigue and urban woes, the poverty-stricken south, with its outbreaks of guerrilla violence, and, of course, the tourist Mexico of beaches and sun. Then there is the north—conservatively rich, restless, and increasingly the country's economic leader. Monterrey, capital of the northeastern state of Nuevo Leon, exemplifies Mexico's northern spirit and the region's determination not to let the country's problems hold it back. An unlikely desert city of three million set hard against the Sierra Madre Occidental, Monterrey is the proud crucible of independently minded people used to making much out of few resources. Now, with the rest of Mexico

still struggling out of recession, the north is booming.

Those who know both Monterrey and Canada compare the city closely to be sure to Calgary—at least in its city life, pre-business attitude and its disdain for the political machinations of the central government. Monterreños also complain that they get back only a fraction of the tax money they send to Mexico City. Jorge Arambide Garza, a former economic development minister of Nuevo Leon, thinks that "there's not much to do here, but work—like the Sierra Madre." It takes paid off. Monterrey is home to 30 of Mexico's 20 biggest economic conglomerates (known as *grupos*) with the Texas border only 240 km to the

showing a red flower emerging from an empty can. At the bottom is a Canadian Maple Leaf, a way of acknowledging a helping hand from a country they know little about. Above that is a slogan that sits oddly with a Canadian government-sponsored project, a fellow canola about rotating "the capitalist system of commerce." Just José Juárez is not concerned with ideology; as he tells his story his voice quavers and his eyes fill with tears. "I can get work, but at my age it's hard," he says finally. "This is an alternative for me."

The Canada Fund projects, their sponsors acknowledge, scarcely scratch the surface of Mexico's overwhelming social problems. Abel Domínguez, a 35-year-old construction worker from the Lac St. Jean town of Deschênes, Que., has supervised the projects for 13 years. They typically cost \$3,000 to \$10,000 apiece—a pittance by Canadian standards, but enough to train and/or employ local workers, build a rehabilitation centre for addicts, or buy water pumps for a rural community. "It puts you on a little hope, and provides a model for others, it's worth it," says Domínguez. The payoff for the Canadian government is more than just goodwill. The projects give diplomats access to communities around the country where they would never normally go. And they allow Ottawa to argue that it is doing something, however modest, to address Mexico's social problems—rather than just smothering business deals and talking up the Mexican government's drive towards modernization.

In fact, Mexico's membership in NAFTA puts both the American and Canadian governments at a dilemma. With Mexico a full partner in such an important agreement, it is more difficult for Washington and Ottawa to distance themselves from the country's considerable challenges. The U.S. government, in particular, has many of the bilateral issues with Mexico—including immigration, and high-level corruption that greases the flow of drugs into the United States. But an administration that pushes Mexico too hard, notes author Oppenheimer, risks giving ammunition to domestic critics of the cozy relationship. And the NAFTA partnership is too important to be allowed to fail after the peace crisis.

Washington rushed in with a \$60 billion package to prop up Mexico's shaky financial system. Now, Mexican leaders have some success in erasing gloom. In a cool and spacious foreign ministry building in Mexico City, where the white walls on the floor is so smooth that a glass slide and table just showing a visitor around, officials trumpet the quick recovery from the 1995 slump. The peso is stable, the economy grew by 5.1 per cent last year and is expanding by another 5 per cent this year, and Mexico was able to pay back the loans that got it through the crisis three years ahead of schedule. Most important, despite foreign minister Javier Treviño, the government did not retreat into protectionism after the forced devaluation. Instead, Zedillo pressed on with liberalizing the economy and privatizing many state-owned companies, and has not indulged in the kind of massive protection spending typical of his predecessors. After a similar crisis in 1982, says Treviño, it took Mexico seven years to return fully to international markets. "This time," he says, "it took us seven months."

Zedillo has coupled his economic reforms with measures to ensure that these elections are freer and fairer than ever before. The

'When the patronage stops flowing, PRI falls apart'



Juárez (left) with fellow worker at Canadian-funded fertilizer project; the payoff is more than goodwill

48-year-old president ran into opposition among hardline PRI members and was forced to water down some electoral reforms, and lately he has leaned toward closer to his party's doctrines. But he did manage to pass one key change: making the federal commission that oversees voting, known by its Spanish initials as IFE, independent from the government. Canada's chief electoral officer, Jean-Florence Kingsley, played an important role in advising IFE on how to ensure that the voting will be honest—and just as important, he seems to be honest. That is crucial, as recently in 1988, the result of a presidential vote was called into question when computers mysteriously crashed on election night. Salinas, the PRI candidate, had been trailing Cuauhtémoc Cárdenas, but when the computers came back up, Salinas was in the lead. The left has maintained ever since that the PRI stole that election.



Carlos Zedillo's coalition with the old guard, the discount

In state and local contests, too, the PRI has been accused of outright vote fraud. But this time, the election commission is independent, run by respected political experts. "On this basic level we now have free elections," says Treviño, the political scientist. "The discussion now is fairness—whether all the parties get proper access to the media and financing." Those issues are far from resolved, during a TV debate between regional candidates in Mexico City in late May, the broadcast was suddenly cut by the telecommunications ministry—just as Cárdenas was trouncing his PRI rival, Alfredo del Mazo.

This election will put the new system to the test—at a time when Mexicans are showing less patience than ever with the old ways. Jofré Iturbide, an independent political analyst in Mexico City, calculates that voters have an implicit trust-off in mind. Zedillo must deliver an honest electoral system, Iturbide says, to give middle-class voters something to compensate them for their dashed economic hopes. "The bubble burst on the Salinas dream in every way possible," he says. "Zedillo needs clear elections to start redeeming himself in the eyes of the people." His problem is that it may already be too late for the party he leads. □

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World NOTES

MOVING AGAINST MINES

The campaign to end the use of deadly land mines got a boost on two fronts. The UN Conference on Disarmament, meeting in Geneva, voted to request a special conference on the issue. Ironically, the new co-ordinator, Australian John Campbell, was in Brussels attending a rival Ottawa-sponsored meeting where 96 nations pledged to sign a treaty in December calling for a total ban. Washington has been tied to the Ottawa process, preferring to engage anti-landmine countries such as Russia and China in the UN forum. Canadian officials, however, pointed to the strong momentum they felt generated in Brussels.

TRADING WITH CHINA

The U.S. House of Representatives voted by a large majority to extend China's most favored nation status, backing the Clinton administration's policy of separating human rights pressure from trade with China. The vote came as reports emerged of prominent dissent within Washington concerning a severe setback in a Chinese prison.

CIRCUMCISION GOES ON

In a ruling celebrated by Islamic fundamentalists, an Egyptian court overturned a ban on female circumcision by doctors and hospitals. It upheld a ban on nonmedical practitioners performing the surgery. An estimated 70 per cent of Egyptian women have undergone ritual removal of the clitoris, usually before age 12.

A UFO DENIAL

The U.S. air force issued a 200-page report on events 50 years ago as Roswell, N.M., is tied to and speculation that aliens had crashed and were captured there. The report says "evidence" sighted were "damaged" thrown in garbage bins and debris found by locals was from a balloon used in atmospheric tests.

CLINTON SEX PROBE

U.S. President Bill Clinton's lawyers reacted angrily to a report that White-water scandal investigators had leaked into his sex life. The Washington Post said agents for special prosecutor Kenneth Starr, who is presently investigating land deals, asked state troopers and several women about Clinton's rumored liaisons.

Spacecraft in trouble

In the first seconds after a cargo capsule crashed into Russia's Mir space station, the three men aboard heard the terrifying burst of leaking oxygen. But they scrambled to shut a hatch in the damaged area, and by the week-end, experts worried more about billion-dollar losses of equipment and research than a danger to life from the worst accident in Mir's troubled 13-year history. The crew—American physicist Michael Smith, 40, and Russian cosmonauts Nikolai Tsuboyev, 43, and Alexander Lutsenko, 39—were forced to halt non-essential work to conserve power. The collision, which occurred during a practice docking session, shut down four solar energy panels, cutting the spacecraft's electricity supply in half.

As the men struggled to keep vital oxygen-generating equipment functioning, they faced a bleak wait of at least 30 days in semi-darkness for a new unmanned cargo capsule to arrive with repair equipment and supplies. But officials did not readily see a need for the trio to abandon the space station.



Tsuboyev helps Smith with suit in May. Mir (below) ahead

tion is one of the "RoboBot" capsules moved alongside.

Russian space scientists said they hoped the men could do a spacewalk to seal a gash in Spektr, one of the six modules that make up the station. The de-prioritized module holds the experiments and belongings of NASA's Paie, who promptly requested that a replacement shower, toothbrush and toothpaste be sent up.

If the three men are forced to bail out of Mir, it would spell the end of the orbit, which has been plagued by financial and technical difficulties since the collapse of the Soviet Union in 1991. The latest was a fire aboard the space station last February. In Washington, legislators began questioning NASA's involvement with the Russian space program.

EMERGENCY

Saving the Earth—later

European leaders and weak-communists soundly criticized U.S. President Bill Clinton for refusing to set specific targets for reducing greenhouse gas emissions that could

global warming. At the United Nations' "Earth Summit Plus 5" in New York City, Clinton said he will wait until December to make his commitments in Japan before confirming the United States to "realistic" levels. European countries have agreed to reduce fossil-fuel emissions by 15 per cent below 1990 levels by the year 2010, but

Clinton, under pressure from industry, said there are "imposition" to meet. The week-long UN gathering—designated to celebrate the spirit of the 1992 Earth Summit in Rio de Janeiro—largely avoided controversial environmental. Delegates showed a bad by Clinton, he at first negotiations on a global treaty to try, it is not now unlikely before 2000.

Canada and Pol Pot

Official policy played down suggestions that former Cambodian dictator Pol Pot might be brought to Canada as part of a bid to try him on genocide charges. The 61-year-old Khmer Rouge revolutionary, whose five-year reign in the 1970s led to the deaths of up to two million Cambodians from torture, execution and starvation, was said to have been captured at a guerrilla camp at Cambodia. At the Denver G-7 summit, U.S. Secretary of State

Madeleine Albright asked Foreign Affairs Minister Lloyd Axworthy whether Canadian war crimes laws might allow Pol Pot to be held in Canada pending an international tribunal, or even tried there, if a U.S. team took him out of Cambodia. But legal experts said there could be a host of problems. Prime Minister Jean Chrétien explained coolly to the idea, anyway, "We don't even know where he is." Last week, Canadian officials said they were still negotiating with a Khmer Rouge faction that claimed to be holding Pol Pot.



Black's next move

Is the media tycoon's talk of a new national daily merely a ploy?

BY ROSS LAVER

Has Conrad Black changed his mind, or is he simply trying to keep his rivals and business partners guessing? Three months ago, Canada's most powerful media tycoon announced that he had abandoned his long-standing quest to buy control of *The Financial Post*, the national business daily. "I hold no hope for it whatsoever," Black told an interviewer at Sun Media Corp. of Toronto, the *Post*'s majority shareholder, rejected his most recent bid for the paper. In practically the next breath, he announced that he would consider launching his own national newspaper, a five-day-a-week broadsheet to complement his 55 existing titles, from *The Evening Telegram* of St. John's, Nfld., to *The Vancouver Sun*. As for the *Post*, that seemed to be over under the knife. Black himself volunteered a more striking metaphor: "I think it's a dead paper."

In reality, Conrad Black's ambitions are rarely so easily thwarted. A devoted student of military history, he approaches business the way a general approaches war, with an almost methodical sense of when to attack and when to withdraw and regroup all the while plotting to strike again when the other side is unready. While Black insists that his interest in founding a national newspaper is genuine, the fact remains that such talk, genuine or otherwise, increases the pressure on Sun Media to sell its stake in the *Post*—which would be worth less in a more crowded market. In an interview with *Maclean's* last week, Black made it clear that, contrary to his earlier comments, he still harbors hopes of taking over the *Post*—in which case his own, still-

sketchy plans for a national daily would die a swift death.

The only question is whether Black can convince Sun Media CEO Paul Godfrey to sell. Black, whose Hollinger Inc. already owns 19.9 percent of the paper, evidently believes he can. His points rest that under the terms of its partnership agreement with Sun Media, he can force Godfrey's company to buy three-quarters of Hollinger's stake—15 percent of the *Post*—at any time, at fair market value. He estimates that interest to be worth between \$15 million and \$30 million.

Significantly, Sun Media itself refused to respond previously to a May 14 disclosure document accompanying a \$99-million (U.S.) debt issue intended to finance the company's recent purchase of London Free Press Printing Co. Ltd. Under the heading "risk factors," the offering memorandum cautioned investors that any decision by Hollinger to trigger the shotgun clause "could have a material adverse effect" on the company's future. "There can be no assurance that the company will have the resources available, whether through cash-on-hand or borrowings, to meet its obligation if this right is exercised, or that the terms of its then-existing debt instruments will permit any such purchase," says the Sun Media document says.

Black has studied the offering memorandum in detail, and it is clear he sees a potential opportunity including at least borrowings, Sun Media—which owns *The Toronto Star* and its sister papers in Ottawa, Calgary and Edmonton—owes \$481 million, almost as much as the company's management just to acquire the newspaper claim has laid from Rogers Communications Inc. "Look, that is a very, very stretched option," says Black, who has a right of first refusal in the *Post* is offered for sale. "I've been in some fairly leveraged situations my entire life, and so long as they don't beat back I'm not suggesting they can't manage it. But it's stretched, and when you have to put up as a risk factor that all of the covenants could be blown if somebody just 15 per cent of one of your subsidiaries to you, those are not optimal circumstances in which to be taking overly hedged positions. My impression is that the Stars being a bit chippy."

Not surprisingly, Godfrey is quick to dispute Black's assessment of Sun Media's current position. "I think some people thought we were too heavily leveraged before the London purchase, and we still went ahead and did it," Godfrey says. "We're a private company and we're very comfortable with our direction and our balance sheet. I would never underestimate Mr. Black and his desire to get what he wants, but *The Financial Post* is not for sale. Period."

Which is where Black's musing of a national newspaper came in. According to the Hollinger chairman, the new daily would be pitched at an upscale audience with a strong appetite for national, international and financial news. As such, it would compete against both the *Post* and *The Globe* and *Mail*, Thomson Corp.'s Toronto-based flagship. For Black, the idea of a Toronto-based national daily has two main attractions. It would finally give him a paper in the country's largest market, and it would be relatively cheap to print and distribute elsewhere thanks to Hollinger's 31-percent stake in the venerable Southern Inc. chain,

Hot off the press: Black still covets *The Financial Post*

which includes *The Ottawa Citizen*, the Montreal *Gazette*, the Calgary *Herald* and *The Edmonton Journal*.

Beyond that, however, the concept is fuzzy at best. Gordon Fisher, Southern's vice-president for editorial, says that he and his colleagues only began to think about a national daily six or eight weeks ago. Although some reports have suggested that the paper would run between 16 and 24 pages, Fisher says that is highly speculative. "These are very, very preliminary discussions. In the weeks and months ahead, we'll be calling on various people from our papers to help us understand some of the issues involved, but right now it's still very much at the talking stage." One issue is whether a national paper would be sold separately in cities where Southern already has a presence or folded into the local paper. Another question is the extent to which the national paper should be tailored for specific regional audiences. "As a newspaper," Fisher says, "one of the things I'm acutely aware of is how successful westerners are at being given a Toronto product."

Finally, the word around Southern is that Black could launch his own national paper for less than it would take to buy the *Post*. But it is obvious that he would just as soon claim the *Post* as his own. If the threat of a new Southern national daily convinces Godfrey to take a good, hard look at the numbers, so much the better for Black. □

Black: It really would be discourteous for me to respond to that. There is a certain protocol, and these people are officially partners of ours.

Maclean's: You are also talking about buying a new national daily. But wouldn't that simply set into the crosshairs of your existing ones?

Black: It can save your skepticism, but the answer is it's manageable. I will say that the undoubted start-up costs of such a thing became a little less daunting now that we're going to have so many minority shareholders to share it with.

'WE'RE NOT PARCHED'

Assistant Managing Editor Ross Laver interviewed Conrad Black last week in Toronto. Excerpts

Maclean's: You recently failed in your bid to buy out the minority shareholders in Southern Inc. Are you contemplating a nuclear option?

Black: Forget it—no dice. We made an offer that was fair and that exactly reflected what the stock was worth to us. Most of the share-

holders declined to accept, which is their right. Once the dust settles, we are not going to accumulating shares at the market price, but we will not offer a premium for any significant number of minority shares in this company again.

Maclean's: How badly have you been hurt by the failure to take Southern private?

Black: Somewhere in this whole thing the myth arose that we absolutely had to have this stock in order to get hold of Southern's

cash flow. But we estimate we've got \$300 million (U.S.) of operating income in 1998 in our North American assets, and close to that in 1997. So we're not absolutely parched and desperate.

Maclean's: You acquired effective control of Southern a year ago. How far along are you in reworking the chain?

Black: We take it paper by paper. In Ottawa, most of it is complete. In Montreal, we've done perhaps a third of it—you're really got to wait for new personnel, as is a decision we'll come to grips with soon. In Vancouver, we're opening a new plant this fall and that

will be the occasion for an additional re-launch. I could wait for you through the rest of March, but to be arbitrary I'll set 30 or 40 per cent of the work has been done. That doesn't mean the remaining changes are going to be expressed in big manpower changes. It's a matter of sharpening the products.

Maclean's: Paul Godfrey, the CEO of Sun Media, has repeatedly refused to sell *The Financial Post*, of which you already own 19.9 per cent. Do you think it possible he will change his mind?

Black: I'm very hesitant to speculate on what

the Sun might do. But if you look at their recent offering memorandum in the United States, standing up like a pistonball is their statement that if we put to them the 15 per cent of *The Financial Post* we have a right to put to them, it could cause problems that they cannot guarantee they can deal with. Given that neither scale state of vulnerability, I would have thought that the company would be fairly flexible.

Maclean's: Is there a chance you might in fact, force them to buy your stake?

Black: I can't say.

Maclean's: How emphatic are you?

Titans at the altar

Two financial giants link up with new partners

Two powerful titans shake the pillars of Canada's financial industry last week—and the reverberations are likely to be felt for months to come. The first quakes the Bank of Nova Scotia surprise \$1.25-billion bid for National Trust, controlled by former Ontario Justice and attorney Henry Hlad, Jackson. The second—potentially more controversial—was the \$2.4-billion offer by Royal Bank of Canada, the nation's largest financial institution, for London Insurance Group Inc., the nation's largest insurer of individuals. It is considered that the merger of financial titans would mark the first major incursion of the chartered banks into the life insurance field, a territory they have long coveted, and could lead to the Royal's grip on banking supremacy in Canada.

The once-divisive walls of Canada's financial sector—banks, trusts, insurers and brokerage—have been crumbling for more than a decade. But the pace of merger and acquisition activity has lately accelerated as the result of fierce competition, increasing globalization and new technology. As dominant as Canada's chartered banks may be in the domestic context—ranked by after-tax profit, they occupy five of the top six positions—they're being jostled by global banking standards (Royal, for example, is not considered among the top 10 worldwide). That is the prelude to growth, bigger is stronger.

At first glance, last week's deals—expected to be approved by provincial and federal regulators—seem to add significant clout to both Scotia's and Royal's competitive positions. In National Trust, Scotiabank acquires the country's second-largest trust, a profitable company with \$14.6 billion in assets and 170 branches. Many of those are located in Ontario, a market in which Scotia has been historically weak. "It's a very good match for us," said Scotiabank chairman Peter Godwin.

Godwin had been courting Jackson, a friend, lawyer and, for years, Jackson, 60,



Toronto Just towers: the pace of merger and takeover activity has accelerated

had insisted that National Trust was not on the market. As recently as Feb. 26, he told a National Trust annual meeting that the company would not be sold. Barely more than two weeks later, on March 12, over lunch in Jackson's Toronto office, Godwin outlined the price Scotia would pay and the structure of the deal he envisioned. Jackson was noncommittal, but the following month, his friend and attorney, Bill Conway—now chairman of the Ontario Pension Board and a former managing director of ScotiaMcLeod Inc., the bank's brokerage arm—contacted Godwin. His message: Jackson would now entertain a serious offer for his 47-per-cent stake in the firm.

The ensuing bidders went back over a se-

ries of four or five meetings at Jackson's office. "It was an old-fashioned deal," Godwin said. "Just me, Hal and his son, Duncan. There were no lawyers involved until the first meeting May 22." Jackson will receive \$540 million for his share. Scotiabank is making the identical \$340-per-share offer to other stakeholders. Ironically, one of the major beneficiaries will be Scotia's rival CIBC, which owns seven per cent of National Trust. Godwin was nonchalant. "They deserve a big return," he said.

What occasioned the chairman's change of heart? Estate planning issues, ostensibly. "With death, taxes, families, it inevitably would sooner or later be sold," said Jackson, who recently turned 66. "You can't keep carrying a company this size for 30 years. Sooner or later it's going to be sold, so you might as well get on with it." His family's other corporate assets, Jackson acquired—including stable stakes in E.I. Financial Corp. and Dominion of Canada General Insurance Co.—would not be sold. Although estate considerations may eventually apply to these holdings as well.

The Royal-London Life accord seems to have been sealed with similar dispatch. Rumors have long circled about the

THE BANKS BRANCH OUT

For the past decade, Canada's major banks have been diversifying and swallowing up smaller rivals. Some recent deals:

• **June 27, 1997:** In a \$2.4-billion transaction, Royal Bank agrees to buy London Insurance Group, one of Canada's biggest insurance companies.

• **June 24, 1997:** Bank of Nova Scotia offers \$1.25 billion for National Trust Inc.

• **April 10, 1996:** Toronto-Dominion Bank pays \$715 million for Waterhouse Investor Services Inc., a New York City-based discount brokerage.

• **March 26, 1996:** Bank of Montreal purchases 54 per cent of Gupta Financial Bancorp. SA, Montreal's second largest financial institution, in a deal worth \$800 million.

• **Jan. 2, 1995:** Royal Bank pays an undisclosed amount for Hamilton-based Warburton Canadian Life Insurance Co.

Corp., owned by Toronto's Brantford family, to sell its controlling 57-per-cent stake in London Insurance Group. But the Royal's June 13 approach apparently took London Life executives by surprise. The final signatures were appended less than a fortnight later.

If the bid succeeds—its condition is 50

per cent of common shares being tendered—Royal would gain a profitable sales force of some 3,500 agents, a third of them now licensed to sell both life insurance and mutual funds. Presumably, says Aronovich, Stuck, a Calgary-based insurance consultant and former senior vice-president of Crown Life, the London agents will be licensed to "manage a broader range of Royal Bank products" through the system, reducing costs.

In fact, as more and more of traditional banking activity goes electronic, all the major banks are working to recruit branch employees to sales channels—a costly and not unaccomplished endeavor. Current federal legislation prohibits the selling of insurance through bank branch networks, a policy not expected to change before the year 2000. That, the London Life acquisition may give Royal a formidable head start, not only in the life field but in the transformation to sales-based performance. At \$2.4 billion, the purchase price may strike some analysts as a bit rich—it is about twice London Life's book value—especially for a company with an 11-per-cent return on equity, compared with the 15-per-cent returns common in the banking sector. But as consultant Stuck noted, "These guys do not have a history of making poor investments. You don't become so big and so profitable without being pretty smart."

Many observers thought the banks' arsenal for takeovers of Dominion Securities, Wood Gundy and other brokerage houses dating from the late 1980s. Almost no one thinks so today.

The frenetic pace of mergers and acquisitions in financial services poses a major challenge to federal regulators. A task force chaired by Bay Street lawyer James Hoffie is scheduled to deliver its final report in September, 1998. But as the week's events unfold, the industry is playing field a changing more quickly than legislators can adapt. Otherwise, says Hoffie, the industry will be left behind. "We're going to have a history of making poor investments. You don't become so big and so profitable without being pretty smart."

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If the bid succeeds—its condition is 50

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Kathleen, telephone and computer, not bricks and mortar

BUSINESS

Virtual competitors

As technology races ahead, the banks face new rivals

BY JOHN SCHOFIELD

I was on one of China's big computer net pages. For eight pages, I, a supervisor in the Metro Toronto police department's records bureau, dutifully deposited her hard-earned savings in an account at the Royal Bank, earning interest as low as one per cent. So when the most last April that a new financial services company called ING Direct was offering savings accounts with four per cent annual interest and no service charges, she decided it was time to switch. The fact that ING Direct, a subsidiary of Dutch banking giant ING Group NV, handles all its transactions by telephone from a suburban Toronto office block added to its attraction. Not greatly withdrawn from her money from the Royal Bank and deposited \$1,000 in an ING account, "Anybody who gives me the best deal, I'll go for it," says Yee, 48. "I didn't need to see huge billboards to show me it's a bank."

There was a time when towering pillars, stately stone steps and gleaming granite floors were synonymous with the Canadian banking industry. Now these physical symbols are giving way to automated telephone systems, sophisticated software and the worldwide network of computers known as the Internet. The result is virtual banking, a rapidly expanding segment of the financial services industry that is tearing down

the brick walls—and the regulatory barriers—that have long protected the country's big banks. It took the major banks decades to build a national presence: one building at a time, but now "branchless" operations such as the Citicorp Bank of Canada, launched in January by the Vancouver City Savings Credit Union, can reach across the country electronically in an instant. "You need to add bricks and mortar to other banking," says Internet guru Jan Carroll. "Now all you need are telephones and computers. It changes the whole competitive nature of banking."

As recently as a decade ago, opening a national bank without branches would have been impossible, says Arloah Kathleen, a former Royal Bank executive and the chief executive officer of ING Direct. For one thing, most consumers would have shunned a virtual bank. Today, however, the typical customer does 80 per cent of his or her bank banking, including bill payments, deposits and withdrawals, through automated teller machines or by telephoning centralized call centres. Kathleen says that Canadian consumers' receptiveness to new banking technology is one reason why ING Group chose to launch ING Direct in this country. The company plans to expand beyond Ontario, and to introduce Internet services, by the end of the year.

With consumers and accountants tearing

nothing about the place suggests a bank. The downy code in control and most of the association has total experience rather than backgrounds in banking. Electronic signs posted on the walls keep track of the number of calls in the past 30 minutes, and how many are still on hold. "Our goal is to answer 90 per cent of the calls within 30 seconds," says Peter Brundell, leader of training and development. The total cost of ING Direct's launch was \$50 million, with a "significant" portion devoted to advertising and promotion, says Kathleen.

Smaller organizations are also getting into the act, and for far less money. Last November, the employee credit union at the Leger Control Board of Ontario entered the Internet banking for its 5,000 members. General manager Sharon Scarfone says the service was launched for about \$15,000. Credit union members can now use their computers to pay bills, apply for loans, or check their balances. With 11 employees serving a scattered clientele from one Toronto location, Scarfone says the LCBEO Employee Credit Union has long been the equivalent of a virtual bank. Its telephone banking system, which will handle most transactions, was set up in 1990. "This whole Internet thing is a good fit for us," says Scarfone. "I certainly think this is the wave of the future."

But the country's major banks are not

ing thanks up, virtual banking seemed destined to become the option of choice for new competitors. Kathleen says that ING Group—the world's third largest bank, with \$300 billion in assets—did not even consider buying up an established network of branches, as Hongkong Bank did when it paid \$63.5 million for The Bank of B.C. in 1986. Real estate, he adds, is simply too expensive, especially in comparison to the cost of launching a virtual bank.

Add it up and branchless banking is a virtual bargain. Kathleen says that ING Direct's 300 employees earn an average of \$35,000 a year plus a quarterly performance-based bonus. The company rents two floors in a North York, Ont., office building for a modest \$20 a square foot, and the desktop computers used by ING Direct's 75 "direct associates" ring in at about \$5,000 a piece. Working in its own of right, the associates staff the phones in shifts 24 hours a day. A cut above the average call centre, the cubicles are spacious and tastefully appointed in turquoise. But nothing about the place suggests a bank. The downy code in control and most of the association has total experience rather than backgrounds in banking. Electronic signs posted on the walls keep track of the number of calls in the past 30 minutes, and how many are still on hold. "Our goal is to answer 90 per cent of the calls within 30 seconds," says Peter Brundell, leader of training and development. The total cost of ING Direct's launch was \$50 million, with a "significant" portion devoted to advertising and promotion, says Kathleen.

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usually earn higher incomes and represent a larger share of bank profits.

The major banks still stand tall when it comes to trust and name recognition. That forces newcomers such as ING Direct to spend millions of dollars on advertising to raise their profiles and gain credibility. "The biggest hurdle we faced is that ING is relatively unknown in Canada," acknowledges Jan Kelly, ING Direct's vice-president of marketing. "Our first priority was to establish a brand."

As technology evolves, the major banks

The Internet allows financial institutions to operate anywhere

may also face competition from other quarters. Nelson Greenman, publisher of the *Journal of Internet Banking and Commerce*, an Ottawa-based online magazine, says that the biggest challenge to Canada's financial giants could come from large, non-banking companies that are already well-known to consumers, such as Microsoft Corp. or the major phone companies. To prepare for an expected onslaught, some of North America's largest banks joined forces with computer giant IBM last fall to form an electronic

banking network. The consortium accounts for more than half of North America's retail-banking customers and includes the Royal Bank, Bank of America and Banc One. Rather than attacking established banks head-on, new entrants are more likely to seek profitable niches in the market. ING Direct, for example, is not trying to compete on full-service bank. For now, its main offering is an interest-bearing savings account, although loans and mortgages will be available by the fall. Another Dutch bank seeking to operate in Canada, KPNBank Nederland, plans to target the corporate sector, primarily food and agricultural companies. And last month, San Francisco-based Wells Fargo & Co. won Ottawa's approval to offer their small-business borrowers, even though it has no offices in Canada. Using direct-mail, telemarketing and the Internet, the U.S. virtual-banking pioneer will credit Canadian business loans to suppliers loaned up to \$100,000. All requests will be processed at Wells Fargo's U.S. operations.

As virtual banking catches on, the number of banks vying for a piece of the Canadian market is bound to increase. In time, says Carroll, the Internet "could allow any financial institution to operate anywhere." When that happens, the future world of Canadian services will truly give Canada's established banks a run for their money. □



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Deirdre McMurdy



The Bottom Line

High-tech traditionalist

Almost everyone has a mental image of a billionaire, however vague. It may be a cigar-smoking industrialist with an impressive mansion. It may be an oil-rich tech-geni who sits on his throne, but it almost certainly would not be Terence Matthews, the athletic founder, chairman and CEO of Newbridge Networks Corp., who is wealthy—with an estimated worth of more than \$2.5 billion—than Queen Elizabeth.

The compact Webman has a ready laugh and an air-conditioning energy level. The only distinctive flourish in his standard-issue set of pinpoints is a neatly tucked pocket. But at 54, Matthews is already working on his second high-tech fortune. Among other things, he personally owns 38 million shares, or 21 per cent, of Newbridge, which currently trades for \$60 a share on the Toronto Stock Exchange. Despite his renewed reluctance to address personal questions, Newbridge's tremendous global success—and the impressive performance of its array of other technology ventures—invites inquiry to talk about.

Nursed after his knee tumor in Wales, Newbridge is based in Kanata, Ont., on the outskirts of Ottawa, far from the phony towers of Toronto or California's Silicon Valley. Nevertheless, in the past decade, the company has become a key player in an international sector that experts predict will grow to \$170 billion a year by 2006. Simply put, Newbridge develops, produces and markets communications systems that transmit voice and data, including electronic mail.

Matthews attributes his company's datapoint growth to the boom in global business and the advent of the Internet and its more sophisticated corporate networks, known as intranets. Both have created an urgent need to replace aging telephone networks. According to Matthews, many developed countries are only now replacing telephone equipment that is up to 100 years old.

By strategically positioning itself to supply new and replacement markets, Newbridge has flourished. For the fiscal year

ending in April 30, it had revenues of \$1.4 billion, contracts in 100 countries and 6,000 employees around the world. December book is bulging.

The business world is full of such high-flying, high-tech stories. What sets Newbridge apart is Matthews' insistence that it remain a wallflower at the current corporate orgy of mergers and acquisitions. At a time when markets are slashing in capital, and Newbridge's competitors are growing through takeovers, he is adamant that his company stick to its strategy of internal growth.

Although Matthews acknowledges that acquisitions do help launch new products into new markets quickly, he argues that companies typically pay too much in takeovers. And 80 per cent of the time, he adds, the founders tend to lose interest and focus once control of the company has been sold.

To avoid that trap, he has founded Newbridge into an incubator for new ventures. The company has provided financial and marketing support to about 20 startups that develop technology which complements or expands Newbridge's core products. In exchange, Newbridge usually takes a one-third equity stake in the startup company. Several of these will soon issue their first public stock offerings, which should make Matthews' investment decision as well as liquid.

Bottom-up growth is not a new experience for this entrepreneur. In the 1970s, he joined forces with Michael Cowland, now chairman and CEO of Ontario software giant Corel Corp. With a \$5,000 loan and technology that transformed rotary-dial phones into touch-tone units, they formed Mitel Corp. The company doubled in size every year for 11 years, until several setbacks forced the duo to sell out to British Telecom in 1982. Although they parted company, Matthews says they remain great friends.

In 1986, after leaving Mitel, he paid back his \$40,000 loan and then Newbridge. Based on the initial \$5,000 startup loan for Mitel, that's a return on investment that should impress even Queen Elizabeth.

Terence Matthews has chosen to remain a wallflower amid an orgy of acquisitions

Business NOTES

MUNK GETS ON TOWER

Peter Munk's Teacore Corp. signed a 40-year, \$105-million lease for the CN Tower in Toronto. Teacore, one of North America's largest real estate companies, plans a \$20-million renovation of the tower. The lease was signed with Canada Lands Co. Ltd., a federal Crown corporation.

TEXACO RACE CASE

A grand jury in White Plains, N.Y., indicted Texaco Inc.'s former treasurer for allegedly planning to destroy documents in a well-publicized racial discrimination case. Robert Ulrich is the second former Texaco official to be charged in the scheme. The charges stem from a 1994 lawsuit in which black employees accused Texaco of discrimination in promotions and pay.

TV DISHES BANNED

Ruling in favor of a group of Canadian broadcast sisters, the Federal Court banned the import and sale of satellite dishes that decode unauthorized TV signals originating in the United States. The decision to ban dishes follows a 2001 court case.

BOMBARDIER JET ALERT

Transport Canada told airlines to inspect Bombardier Inc.'s 50-seat Regional Jets for fuselage cracks. Company officials said the cracks, just in front of the wing, do not represent a safety hazard. Bombardier has delivered 180 of the jets to airlines around the world. There are known to have sustained cracks.

B.C. SUGAR SOLD

Toronto-based Onex Corp. won control of Canada's largest sugar refiner, B.C. Sugar. Onex took over Vancouver entrepreneur among Pacific with a \$415-million bid. Onex, a holding company with interests in airline catering, computer parts and movie production, will own 75 per cent of B.C. Sugar. Vancouver's Beller family will own the rest.

CTV BOSS RESIGNS

John Crossley submitted his resignation as president and CEO of the CTV Television Network. His announcement comes as Toronto-based Beller Broadcasting is poised to acquire control of CTV Canada. Will become an executive vice-president of Calgary's Shaw Communications Ltd.

Dollar dips, rates rise

Canadian finances just could not take it any longer. Faced with a falling dollar, the governor of the Bank of Canada boosted the key interest rate by a quarter of a percentage point to 5.5 per cent—the first increase in more than two years. The loose monetary stance, which had been immediately strengthened, but stocks headed south, leaving the possibility of further rate hikes on corporate profits. The shared burden held steady, leaving their rates for mortgages and other loans unchanged.

Analysts were mystified by the dollar's weakness in an otherwise brisk economy. Still, there are no signs the rate increase will unleash burgeoning growth. On the contrary, said economist Sherry Capper of Northburn Inc., the threat of higher rates could even give a boost to consumer spending.

Green light for porn

The U.S. Supreme Court ruled that freedom of speech should apply to the Internet, and struck down a federal law that would have restricted pornography material on the world-wide computer network. The Communications Decency Act, which never took effect because of the court challenge, would have made it a crime to transmit sexually explicit material to anyone younger than 18. It did not



Decision: the Bank of Canada governor sends a signal

"The rate hike does not alter the economic landscape," he said. "It may set off a frenzy in the housing market as lenders return to the bank."

Most analysts described the move as a "balancing" act, and said the Bank of Canada would be reluctant to raise rates again in the near term given the country's 9.6 per cent unemployment rate. For now, the central bank's willingness to prop up the dollar should help to restore confidence in Canada in international money markets.

target obscenity or child pornography, which are already banned under other laws. The court decision was a blow to President Bill Clinton, who signed the law last year. Clinton said he will seek new ways to keep children from viewing pornographic material. The American Civil Liberties Union, which launched the court battle along with groups representing librarians, publishers and the computer software industry, applauded the decision as a major victory for free speech.

FINANCIAL OUTLOOK

Index of leading economic indicators continues to fall. The seasonally adjusted number dropped 3.7 per cent between March and April, with the biggest declines in耐食 (down 12.7 per cent) and Alberta (down 18.4 per cent). The downward trend is a part of a reflection of a stronger economy—one of the factors behind the Bank of Canada's decision to raise interest rates last week.

Statistics Canada's announcement of leading indicators rate 0.7 per cent in May, pointing to healthy expansion in the second half of 1997.

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from the month before, despite a seasonally adjusted trend.

"The economic outlook from the upward shift in interest rates should be quite modest, since they will be moving only gradually higher from exceptionally low levels."

—Scottsdale

"It is important to understand that the bank's move was not an attempt to stem the brakes on the economy, but rather to ease up on the accelerator."

—Canada Trust



Peter C. Newman

Telling the Prime Minister to step aside

Dear Mr. Jean baby!

The Business Council on National Issues is after your political hide, and if you feel intimidated by the \$11.6 billion in assets they represent, don't worry, he says—all they want is to save the country, and these corporate leaders always get what they want.

Last week's seven-page open letter from Thomas d'Aquino, the BCNI's president and CEO, to the Prime Minister made it crystal clear that the country's top 100 chief executive officers for whom he speaks don't believe in up to the job. "The ethics aside by your government to date are indefensible," d'Aquino admonishes the Prime Minister, going on to request he move out of the way while the provincial personnel get on with the real nation-saving exercise. "The national Canadian must come before other persons or jurisdictions interests," d'Aquino emphasizes, urging the PM to "give her/his support to any worthwhile initiatives that may emerge from other levels of government."

This is not just another BCNI lobbying extravaganza. It's a deadly serious effort to re-orient head-of-Lacrosse-Bouchard's next responsibilities, or to break him at it by applying all of the considerable economic and political leverage in the hands of the country's top business leaders. Their chosen political instruments are the nine pro-Confederation premiers. d'Aquino has visited them all and urged eight of them to back an expected fresh policy initiative brooked by the ninth, Alberta's Ralph Klein. The case made is hoping to come up with a new federal-provincial package that might appeal to Quebec's soft nationalists, whose votes will ultimately decide French Canada's fate.

In their determination to initiate and transform federal policies, d'Aquino, a former international trade lawyer who has led the BCNI since 1981, and the lobbying group have enjoyed outstanding success over the past decade and a half, when Canada was facing serious isolation problems. It was the BCNI that came up with the "G and 5" plan which wrestled inflation to the ground. Ottawa's fiscal efforts were led by a founder of the BCNI, the candidate CPM chairman, Ian Sinclair.

It was d'Aquino who in November, 1981, started speaking out in favor of free trade with the United States at a time when every Ottawa politician (with the possible exception of Newfoundland's John Crosbie) was against even whispering that the nation might try to join the 1983 leadership and his victory in 1984 election campaign. It was d'Aquino who helped bring him around. "Just a few days after he won the election, I happened to run into Brian on the street," d'Aquino recalled during a recent interview. "Tom," he told me, "I know you people have been promoting the idea of free trade with

the Americans. It's got a lot of appeal. I'm really looking at your study with great interest." Within 10 days or so after that, the Tories started to make favorable noises, and in subsequent conversations we had, Mulroney came around to the idea.

Four years later, the Tories won the 1985 election on the basis of the Free Trade Agreement negotiated by Mulroney and U.S. President Ronald Reagan, with d'Aquino and the BCNI becoming red-line propaganda, first for the FTA and later for the expanded North American Free Trade Agreement.

Also in the early 1980s, the BCNI decided the country needed a new competition law that wouldn't treat businessmen as if they were prisoners. d'Aquino tackled then-Consumer and Corporate Affairs Minister André Gauthier on the idea of reforming the whole process. The BCNI's attack convinced the prime minister, and by 1985 a whole new system was in place.

At about the same time, with Pierre Trudeau's government running up a debt of more than \$200 billion, d'Aquino began a concerted attack on Ottawa's free-spending ways. In conferences and news releases, the BCNI stressed the destructive effects of spending more than earning and warned of deep cuts to social programs unless action was taken to get the deficit and deficits under control. The issue has since become politically fashionable, and it was Finance Minister Paul Martin's effectiveness in successfully taming the deficit that saved the liberals' cause on June 2.

The battle isn't over. In last week's letter, d'Aquino reminds Chretien that even if the deficit battle appears to be resolved, the country still has a federal debt of more than \$200 billion, among the highest in the industrialized world. He advocates much more activist measures to reduce this burden, but weakens his case by arguing the government to drastically cut taxes, starting with the 1986 budget. He also wants employment insurance premiums reduced, pointing out that if this isn't done soon, 27.5 cumulative surplus will soon reach \$16 billion. "Without significant tax relief," he writes, "Canadian incomes will continue to stagnate, jobs and investment will be lost, and Canadian competitiveness will suffer."

When I asked him what he was proudest of accomplishing at the BCNI, d'Aquino replied "I'd say the business community's contribution in convincing, leading, pushing and helping make free trade possible. But if it succeeded on the unity side, I would put that side by side with free trade."

In the November, 1992, issue, the left-wing national monthly *Canadian Forum* featured an article by social activist Murray Dobson about the Business Council on National Issues, titled, "Thomas d'Aquino: The De Facto PM." d'Aquino attacked the piece as being a wild exaggeration. But looking back, there scarcely seems very much that's far-fetched about Thomas d'Aquino or the BCNI.

Tom d'Aquino and his big business lobby want Jean Chretien to bow to the premiers on the national unity issue

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People

Edited by
BARBARA WICKENS

Angelic work for Follows

Unlike some actors who eventually come to loathe the character that made them famous, **Megan Follows** has nothing but kind words for Anne of Green Gables. "Anne opened so many doors for me," says Follows of the red-haired waif from Prince Edward Island she portrayed in two CBC mini-series in the 1980s. "She was a great female character, and there aren't a lot of them around. Most of the time, they are defined by their relation to others—wife or mother or type roles." Follows, however, has worked mostly in a wide range of television. She had theatre roles since she moved to Los Angeles in 1986. In her latest movie, *Rebelskirt Angel*, an offbeat romantic comedy that recently finished filming in her adoptive Toronto, Follows, 29, plays Cheryl, a stage artist who mentally believes she has run over a drunk. But he, in turn, thinks she



Follows in *Rebelskirt Angel*, a period romance

has saved his life and could be his guardian angel. "It's a gem of a story," says Follows, "and it was an independent production without government money, so I hope I can support it."

Upon completing *Rebelskirt Angel*, the divorced Follows, her five-year-old daughter and three-year-old son headed off to Wolfville, N.S., where she is rehearsing the role of Sojourner in Atlantic Theatre Festival pro-

duction of *Under the Big Top*, which runs from Aug. 1 to Sept. 13. Follows says she enjoys working in both mediums, although the transition is not always easy. "Film and theatre both have the same objectives, they want to be good and truthful and tell a story. But you have to apply different disciplines." Adds the actor, "And in theatre, with its live audience, you know when you're stalling. It can be a humbling experience."

Carrying on at the CBC

May Lee Finlay, the newly announced host of *As It Happens*, tends to look on the bright side of things. Named as **Barbara Frum's** co-anchor on the original 1982 edition of *The Journal*, she swiftly found herself sidelined as Frum considered the solo spotlight. Left with little to do, Finlay transformed herself into a leading documentary reporter-producer, and recalls that period as some of the best years of her career. Moving to CBC Radio in 1988, she took over the host slot on *Sunday Morning*, but six years later she was abruptly informed in mid-season that, in a planned makeover, her talents would no longer be needed. Then, after

presenting a new media program, *Now the Details*, in 1994, Finlay learned a year ago that it would not survive past this spring's broadcast cycle. "It's a bit like living in a war zone," she jokes. "You get used to a bit of change and you carry on."

With no firm job offers from the network, Finlay made plans to produce her own TV documentaries and series. "I just assumed I would be making my own future," she says. "There's no point in sitting around and moping." Then, in May, just as she was set to launch those projects, she was handed *As It Happens*, which, ironically, Frum had originated in 1971. The righty slot—



what Finlay, 50, calls "the best job in radio"—opened up when current host **Michael Enright** agreed to take over **Peter Gzowski's** morning post. But after her son of back luck, Finlay admits that, until the formal CBC announcement last week, she was afraid to believe it. Now, she stresses that, although the show will stay the same, her style will differ from Enright's trademark wryness. Still, when asked to define her own on-air personality, she turns to a critic's less-than-laudatory description (and "I don't object to that," Finlay says). "I want to be neutral. I don't think you can call people up, invite them on your program and then dump all over them."

Sports



Leaving being tagged out at home. I won't be here!"

The squeeze play

Expos bank their future on a new stadium

Montreal Expos manager Felipe Alou is a master blunderer of the ball pen, and one of his notable characteristics is a willingness to bring in his closer—the eighth man instead of the ninth. "The game can be on the line then, too," Alou explains. Now the team's president, Claude Brochu, is borrowing a little of his manager's style. The safer bet, of course, is to wait until the Expos get a new \$250-million downtown ballpark, and his partisans will sell the Expos to the highest bidder—no doubt as a U.S. city. Of course, the new-stadium-or-else ultimatum is a popular negotiating ploy these days. At least 13 major-league teams are building, or considering building, spending new ball yards within the next five years—and one is demanding taxpayer support or threatening to skip town. But in Montreal, the quietest small-market city Brochu does not appear to be bluffing. "The Expos cannot survive at Olympic Stadium," he said last week. "This isn't a choice between Olympic Stadium or a new stadium. It's a choice between

a new ballpark downtown or no ball club." Montreal baseball fans have become used to hard choices. In the past few years, the team has lost high-priced stars such as Larry Walker, Moses Alon and John Wetteland because it did not have the millions to pay them. And even with the second lowest payroll in baseball, Brochu claims the team will lose \$12 million in 1997. Not under manager Alou, the young Expos are playing scrappy, exciting baseball and, going into this week's first-ever inter-league series against the Toronto Blue Jays, were challenging the top team in the tough National League East. The Jays, meanwhile, have underachieved despite a \$65-million payroll and the fact that three of their players—Roger Clemens, Pat Binkley and Joe Carter—will collectively earn nearly as much in 1997 (\$26 million) as the entire Expos' 25-man roster (\$25.3 million). "This," said Brochu, pointing to a model of his proposed \$250-million stadium, "at least gives us a chance to approach the average salary level."

Brochu, who reportedly has standing offers for the team from U.S. businessmen, says the current owners cannot pay for the

new private ownership. "We're going to have to provide most of the money to the players' salaries for us to be competitive," said Brochu. He is unlikely to get much help from the provincial government. The day before the Expos' stadium plans were unveiled, Quebec Premier Lucien Bouchard said, "When we are closing hospitals, it's not certain that we're going to open stadiums, especially when there's a big one there already." Even one member of Brochu's consortium, speaking on condition of anonymity, said the chances of getting the new stadium were "90 per cent, maximum."

The fact is, Montrealers simply do not support the Expos. While this year's team has one of the best home records in baseball, it is attracting an average of only 19,320 fans per game—down from last year's average of 19,980—much with reduced ticket prices. But then it is difficult to build loyalty when, every year, the team loses its best players because it cannot afford them. And how loyal can the players

be when they know they will be traded or sold as soon as they become too expensive? Asked what he thought about the stadium proposal, second baseman Mike Lanning was blunt. "I don't care," he said. "I won't be here when it's built."

Still, the business does not appear to have deserted the players on the field. Alou, a sage 62, continues to perform his annual water-tossing act, particularly with a pitching staff that lost its top starter (Jeff Friesel) and left pitcher (Orel Hershiser) in the offseason. The starting rotation, which analysts regarded as the team's biggest weakness during spring training, has become its strength. And when key hitters such as Ronald White, Vladimir Guerrero and David Segui were injured, the Expos started creatively with stellar performance from lesser-known players such as BP Santiago and rookie Ryan McGee, who was called up from the minor-league Ottawa Lynx and promptly got hits in his first 12 major-league games. "The players we have deserve the credit," said Alou, "for keeping their heads high under the most difficult circumstances."

These circumstances leave the franchise in perilous shape. In baseball terms, the Expos are trading in the late innings and have few options in the bullpen. Worst of all, the game is out of Alou's control hands. Gaynor says, and fans in seats will decide whether the game is closed out—or closed down.

JEFF BLAIR in Montreal



Education

Distinguished by degree

PhDs to mark real-life success

They are politicians and artists, executives and rebels. But as they were told it is graduation politicians across the country in recent weeks, all were bestowed with a single, shared distinction: an honorary doctoral degree. And it was as honest as they scripted with a mixture of excitement, humor and awe. "I feel like a rock star receiving a gold record," confessed 77-year-old **Steve Seidenman**, whose now-coveted music experiences, from the Record Mags, sits check-book with his now alma mater, Toronto's Ryerson Polytechnic University. "I am thrilled, honored, flattered," gushed the usually plainspoken journalist **Alex Cobelli**, whose resume now includes an honorary PhD from the University of Toronto. Declared writer and longtime social activist **Jane Collwood** is in a daze at the University of Calgary. "It is daunting to be standing here, newly awarded doctor of laws. And there are many laws I would doctor if I could."

For the roughly 180,000 students who graduate from Canadian universities each year, convocation is a time to celebrate the end of years spent in libraries and laboratories, and to contemplate the new life that awaits them in the real world. But for those given the title of honorary doctor, it is their success, in life that has earned them a place on the convocation stage. Among this year's crop of newly appointed PhDs are artists **Alex Cobelli** (Glasgow's University in Lewisham, Que.) and **Michael Snow** (Victoria), native leader **Georges Erasmus** (Inukjuat in Nunavut) and broadcaster **Peter Jennings** (Ottawa's Carleton University).

Given a captive audience of curious young minds, many took the opportunity to wax philosophical. "Education is given to us not to be superior to other people," intoned Holocaust survivor and author **Elie Wiesel** at the University of Guelph, Ont. "Education is given to us in



Alex Cobelli, journalist, publicist, artist and politician, executive and rebel's after philosophy and law facts advice



Robert MacNeil, broadcaster, author and social activist, after philosophy and law facts advice



John G. Cooney (above left), **Robert MacNeil** (above), **Steve Seidenman** (left), for graduates, a time to celebrate the end of years of school and the new life that awaits them in the real world; for honorary doctorates, excitement, awe, and a track education that "is a short while you won't have the biggest idea who the commencement speaker was"

order to understand the other person." Journalist **Michael Volpe** inspired students at Trent University in Peterborough, Ont., "to reflect, to be silent, meet our inner longing for peace." Others offered brain-tracks advice. "During your first month on the job," said Cori Systems Corp. president **Michael Conop** to his audience at Laurentian University in Sudbury, Ont., "be the first to arrive, the last to leave and take the shortest lunch break."

Just four days after the divisive federal election, former Alberta premier **Peter Lougheed** beseeched graduates at the University of Toronto to discard stereotypes of "the western mindsets, the dependent Manitowin, the fractious-minded Quebecers and the rich Ontarians." And he thanked the president **Robert Pritchard** for doing his own bit to encourage national unity. "You have effectively saved me forever," said Lougheed. "From any public address expressing the view that westerners are ignored by Toronto decision makers."

But despite all the pomp and circumstance, for many it was a day to be humble. For 13 years the co-host of PBS's *The MacNeil/Lehrer Newshour*, Montreal-born **Robert MacNeil**—introduced to his T.T. audience by broadcaster **Kenneth Nash**—openly worried that "in a short while you won't have the biggest idea who the commencement speaker was." And following a time-honored tradition of intellectual skepticism, astronomer **Mae Jaramila** echoed Plato, Descartes and Hegel—candidly doubting whether he could say anything meaningful at all. "Great advice is fraught with danger," Jaramila told engineering grads at the University of Ottawa. "It implies that you know what you're talking about, and who can make that claim?"

VICTOR DRYER

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'No' to euthanasia

The U.S. Supreme Court ruled, tentatively, that terminally ill patients do not have a constitutional right to medically assisted suicide. Chief Justice William Rehnquist, whose wife died after a long battle with cancer in 1991, and a cluster of the decision was "the risk that dying patients' request for assistance in ending his or her life might not be truly voluntary." The ruling upheld laws in Washington and New York states making doctor-assisted suicide illegal. But Rehnquist also said the court's decision "leaves not absolutely foreclosed" a terminally ill patient's claim for assistance to die in the future. In Canada, assisted suicide is a criminal offence. Rejecting an appeal by Sue Rodriguez, a Vancouver woman stricken by a crippling neurological disease, for medical assistance to die, the Supreme Court of Canada ruled in September 1993 that any change in law would have to come from Parliament. Rodriguez died in February, 1994, in the presence of an unacknowledged doctor.

Vaccine search

Scientists attempt to develop a vaccine that would persuade the body's immune system to detect cancer. Attempts to develop cancer vaccines are usually frustrated by the difficulty of making the body's immune defenses recognize and wipe out tumors. But French scientists—led by Dr. Philippe Pouchard, who announced a \$350-million program to seek vaccines for eight types of cancer—bladder, breast, cervical, colon, lung, ovarian, skin

and prostate. Company officials say Ottawa's success to land it up to \$60 million helped persuade it to locate the project in Canada. Attempts to develop cancer vaccines are usually frustrated by the difficulty of making the body's immune defenses recognize and wipe out tumors. But French scientists—led by Dr. Philippe Pouchard, who announced a \$350-million program to seek vaccines for eight types of cancer—bladder, breast, cervical, colon, lung, ovarian, skin

Pinpointing a biological cause of obesity

In a discovery that could eventually pave the way for improved obesity-fighting drugs, scientists in England have for the first time pinpointed genetic defects as the cause of abnormal weight gains in humans. An international team led by researchers at Cambridge University found that two cousins—an eight-year-old weighing 145 lb. and a 16-year-old weighing 64—have flawed copies of a gene that controls the hormone leptin. Produced in fatty tissue, leptin circulates through the blood and signals the brain about the body's fat content—information that, in turn, regulates appetite. The re-

searchers, whose findings were reported in the British journal *Nature*, concluded that because the cousins do not produce leptin, their brains continually issue instructions for more nutrients to be taken in—in other words, to eat more. The cousins' condition is rare—most overweight people have normal leptin levels, but researchers believe these systems are unable to properly interpret the messages from the brain. Experts say the new finding is important partly because it shows that obesity can have biological causes—and does not simply reflect a lack of willpower.

Tender loving care for the donor heart

Toronto doctors have developed a new way of preserving human hearts that doubles the time that an organ can survive between its removal from a donor and implantation in another person. Until now, donor hearts—which often have to be transported large distances—have been immersed in ice for a maximum of four hours, after which the or-

gan start to lose their ability to beat again. In a technique devised by a team under Dr. Christopher Fendel of the Toronto Hospital, blood from the donor's body is fed through the organ, supplying it with oxygen and other nutrients. Initially tested in pigs, the system has since been used in successful human transplants. Fendel, surgical director of the hospital's heart transplant program, said that in animal tests, hearts preserved by the new system functioned better than transplants than hearts handled the old way.



RADIANT RODENTS:

Japanese biologists have developed a strain of mice that they call "the world's first light-emitting mammals." A team at Osaka University injected DNA from light-emitting jellyfish into the fertilized eggs of mice to create the genetically altered rodents that emit a green glow when exposed to ultraviolet rays. The ordinary mice look purple. The process could ultimately be used to monitor new cancer drugs by detecting a way of having only cancer cells glow.

Surgeons who go south

Fired up with poor pay and deteriorating working conditions, large numbers of newly qualified orthopedic surgeons left Canada between 1985 and 1994 to practice in the United States or other countries, according to a study carried out by a Montreal doctor. Dr. Barth Chavoy, an orthopedic surgeon at Mount Sinai North-Dufferin Hospital, mailed a questionnaire to nearly 500 recently qualified Canadian orthopedic surgeons, who deal with skeletal problems ranging from fractured bones to hip and knee replacement. Of the two-thirds who replied, 37 per cent had left Canada and the majority of these now work in American hospitals. Chavoy told a meeting of the Canadian Orthopedic Association that young surgeons in her field were frustrated by relatively poor incomes and hospital budget cuts that reduced operating time and created equipment shortages. "It costs a lot to train an orthopedic surgeon in Canada," she said, "and it's obvious that so many are going to the U.S., where the pay is higher and conditions in training are better."



Cage (left), Travolta
across shows that
delivers the goods

Finally, a good movie or two heat up the summer screen

Adrenaline and aphrodisiacs

BY BRIAN D. JOHNSON

It is at this time of year that film critics find themselves wondering if they are in the wrong business. As Hollywood launches one summer blockbuster after another, the critics cannot help muttering on the perils. What is wrong with these people? Are they disaffected snobs too overwhelmed to comprehend the simple joy of an explosion? Are they burnt out by special effects? Have they just seen too many movies? One overexposed Hollywood henchman recently went so far as to suggest there should be a separate class of critics to review action blockbusters. (Blockheads perhaps?) But there may be a simple explanation for the glut of bad reviews this summer: bad movies. For when a good one finally does come along—an action movie, no less—suddenly the critics no longer look jaded.

RACE/OFF has all the familiar traits of other blockbusters—a preposterous premise, a black-baroned sociopath, extravagant gunplay and cataclysmic plane and boat crashes. But after the lumbering *Last World*, the cunge *Get Art*, the snail-paced *Speed 2*, and the astringent *Batman & Robin*, it arrives like a blast of adrenaline. *Race/Off* is the first summer action movie that is actually thrilling.

Directed by Hong Kong action virtuoso John Woo, it is also the most violent. And from the opening scene, which shows a woman being thrown from a plane, during takeoff, then being caught by the plane, it is clear that the violence will be neither politically correct nor socially redeeming. But it will be great fun. Woo choreographs the basic movements—the hail of bullets, the high-speed chase, the flying bodies and bawling gushes—with astonishing finesse and exuberance. He favors ballistic stunts over special effects. Courage that would be overkill in the hands of sleek-skilled director seems almost transcendent. And because the violence has such a graphic edge, the viewer is forced to ask why it seems so cathartically beautiful. Unlike the summer corruption-as-far, *Race/Off* also offers a psychological side course: John Travolta and Nicolas Cage are duobros

erily matched as a cop and a criminal who end up swapping identities. Outplayed by veteranism, Los Angeles FBI agent Steve Archer (Travolta) has spent eight years tracking (and/or killing) Custer Troy (Cage), a terrorist whose victims include Archer's 10-year-old son. After finally capturing Troy, and putting him in a cage, Archer goes undercover to foil a bomb plot. Using a hairline, laser procedure, surgeons slice off Archer's face and replace it with Troy's, enabling their symbiosis in the labyrinth to alter his voice. Archer now played by Cage, plants himself as an inmate of a high-tech prison in pre-information from Troy's psychotic brother Troy, meanwhile, wakes up from his coma, overpowers the surgeons and forces them to give him Archer's face. Troy now played by Travolta, takes over the FBI agent's identity, mixes it with his wife and daughter, and traps the imprisoned cop in his criminal cover.

Through patently ludicrous, the concept sets up a rich interplay—and juicy acting opportunities for Travolta and Cage, who get to take turns playing hero and villain, interpenetrating each other as if from behind theatrical masks. An ingenious script fully exploits the comic irony. After escaping from prison, Archer goes by struggles to carry off Troy's dog-broke lifestyle, which comes equipped with a spacious girlfriend (Lisa Bonet). Meanwhile, the Bushmaster terrorist delights in representing the cop's stalled angst to the consternation of his wife, Eve—played by Joan Allen (Woo), who lends the villainous plot some dramatic gravity.

Destiny, however, in the main event, from the racing plane crash to the climactic speedboat chase. Playing chaotic ruminations on the action formula, Woo makes a virtue of excess—where he stages a Mexican standoff, he has half a dozen people pointing guns at each other. *Race/Off* is in every sense a motion picture. And it moves with such mesmerizing fluidity that it is possible, at least momentarily, to suspend any moral qualms about such violent portents.

But not everyone loves action movies. And in the shadow of the summer blockbusters, a number of small, independent films offer an alternative. Their distribution is often limited to niche cities. They

either cross the country with far less fanfare than the big studio pictures. But they are also more memorable.

FEMALE PERVERSIONS has a meskier title. No, it is not a B movie. It is a *Feminist* and feminist odyssey into the wilds of gender, where the most wicked female perversion is bondage to being a woman. The film sparks a serious feature debate for writer-director Susan Seidelman, in Los Angeles agent turned film maker. She based her script on Antonia and Louisa J. Kaplan's 1991 best-seller, *Female Perversions: The Temptations of Women's History*, a series of psychoanalytic case studies exploring women's sexuality. And Seidelman's film does achieve a unique patch of erotic power and both sexual comedy.

Tilda Swinton, the theatrical British actress who starred in the gender-bending *Orlando*,

Swinton, a *Feminist*,
forays into
the wilds of gender



portrays Eve, a high-powered California lawyer who suffers a crisis in self-esteem as the main motivation for a journey. Behind a fragile veneer of overconfidence, Eve tries to maintain her composure with makeup, expensive lingerie and calculated sex. But she is haunted by fears that she is a fraud.

As Eve's risk fantasies spin out of control, she free falls into a world after a lesbian psychiatrist (Karen Sallen). Amy Madigan (*Field of Dreams*) co-stars as Eve's brother and battery-averse sister. Madigan, a kleptomaniac, brings a thesis about a matriarchal society in rural Mexico. When Madigan gets caught shoplifting, Eve runs to her rescue, and their worlds violently collide. As a study of class, power and gender, *Female Perversions* has a delicate touch. But Seidelman also loves to dwell on nuance and texture, magnifying the music of soundings and decoding body language. Slowly, she strips her characters' defenses. The sex, moreover, can get as explicit as the ideas, and even share the same bed—during one late-evening scene, the camera catches a pillow warmly intertwined with "Perversions are never what they seem to be."

THE PILLOW BOOK explores sexual intelligence—and perversity—from another angle. One that belongs to a venerable tradition of male voyeurism. British director Peter Greenaway, a painter armed with a camera, explores the cerebral and the sensual with a sensibility all his own. After the scandalous canvases of *The Cook, The Thief, His Wife and Her Lover* and the Shakespearean fantasia of *Prospero's Book*, Greenaway has refocused his vision to create a more palatable collection.

The *Pillow Book* is a kind of literary skin flick—literally. A tale that explores the erotic potential of calligraphy, it is about a Japanese woman (Yves Wu) obsessed by the ritual of handwriting on the human body. Greenaway has always embraced the erotic, and here he casts a sensual spell with layered images of script being painted onto skin. Yes, there is also

a story, and a cast that includes *Transcending Love* star Ewan McGregor. But the beauty of *The Pillow Book* is in the brushstrokes.

BLUE'S GOLD, on the other hand, is a plain, heartwarming tale in the American midwest tradition. It stars *Are You With Me* Peter Onorati, who makes a dignified comeback as Uke, a reclusive hermit perpetrating two granddaughters by himself in Florida. With a son in jail and a daughter-in-law on drugs, Uke just wants to mind his own business. But when two thugs come looking for some back-lost buried by his son, he has to act to protect his family.

With his meditative portrayal of Uke, Florida finds a valiant job of reexamining the quiet, stillness honesty that his father, Henry, brought to the screen. Uke's most decisive act is not grabbing a gun. But writer-director Victor Nunez (*Body in Paradise*) lets the drama slide into homely sentiment. And he shows understated style versus over-the-top gold. After an escape from across blockbusters, but it is the mesmerizing equivalent of taking a meandering view of silence. □

GREEK COMEDY, EPIC MERCHANDISING

HERCULES

Directed by John Macker and
Ron Clements

According to Greek legend, Hercules was snared by the philandering god Zeus during a bout of existential angst with a mortal. But in its own animated feature, Disney has confirmed the story making Hercules the lightning son of Zeus and his wife, the goddess Hera. Disney, of course, has its own mythology, by which a strict apartheid separates gods from evil. Children, presumably, cannot be trusted with moral complexity.

This Hercules is an earnest, blue-eyed cat who does not know his own strength, and who is seduced by a sultry slave of Hades named Megara (Meg Fairchild). But beyond the stereotypes, there is fun in the details. Dancing on a Grecian urn, a chorus of goose-picking muses sets the tone for a tongue-in-cheek script riddled with comic machinations. As Hercules slays monsters, from Hydra to Cyclops, he becomes a pop star, promoting "Air Hircus" singles and "Burns of Brains" workout videos. Daring DeWitt brings wise-guy gusto to the voice of the satyr Philoctetes, a trimer who tries to lure Hec into a cotidian. A fast-talking



James Woods makes a deliciously daisy Hades, three-faced god of the underworld, while Ron Farris lends the gruff bawdiness to the voice of Zeus. And Paul Shaffer plays the god Hermes as a slick peep of shades.

The animation is stronger on pages than on magic. And the score, by composer Alan Menken, lacks memorable tunes. But there is enough breezy wit in Hercules that the movie goes by—by to borrow a line from the script—"faster than a Peloponnesian strickle."

E.O.L.

Allan Fotheringham

The Brit sun sets in the Manhattan of Asia

As the sun finally sets on the British Empire with the departure of its most outrageous, spectacular colony, two media are abundant and clear. As a town that makes with Rio, Vancouver and San Francisco for blatant physical beauty, Hong Kong outshines them all for its beauty, an alleged worship of money and admiration of currency.

In this, it has only one rival: New York. As with Manhattan, Hong Kong is a joint that never sleeps. It crackles with wit, exudes exuberance and get out of the way if you can't keep up. New Yorkers would love it, recognizing an in-your-face smile.

So the tiny spot that in the most densely populated portion on earth also has the highest density of Rolls-Royces parked. Further Head-over-Windward, 150 new Mercedes-Benz boxes were imported for the ceremonies. With a GDP per capita that surpasses that of Britain, the 6.5 million inhabitants will instantly provide 20 per cent of the GDP of the 1.2 billion Chinese on the mainland. Their new currency quarters are not quite sure how to cope with the most capitalistic little cashiers on the globe.

So, at the Stok House Bar & Grill at the Regent Hotel, run by Lucy Sharpe's Four Seasons Hotels of Toronto, the lunch event offers a 16-ounce T-bone for 1,036, a 30-ounce Kobe sirloin for \$144, pork knocckers for a mere \$54, six cream with herb-roast \$16, an ordinary glass of Australian wine for the same and a martini is \$17.

And so it goes, an expensive-succulent town run by wealthy, cocky types who live on cell phones and erect technicolor sky-scrapers with cartoons on the facade that make New York look well, rather passé.

The other mood—the departing Brits with all their pomp and ceremony, lifts and a down-at-the-beach Brits carrying a down at-the-beach jacket—is one of retroactive guilt. No one likes to be contrasted with one's past (I'd survive well) and like May's last remnants on this Pacific shore below the lightning bolts as they were in order to the facts as how they acquired this wondrous harbor and named it after their greatest queen, Victoria.

The originally named "Plover's Island" still has Jardine's Lookout



atop Hong Kong Island, where the early ruthless merchant price supposedly kept his prototype out for the mad ships that beat his rivals with the news. There's the site of the Jardine Matheson mansion, the legendary trading house that started out running opium and still is a major power in the Hong Kong that today, whatever the public, will be run by Beijing.

March is noted in the local journals on this weekend of history are the now-celebrated writings of James Matheson at the trading house, who passed that gem, advising those thinking of moving to Hong Kong: "We have every respect for persons esteeming strict religious principles, but we fear that very godly people are not suited to the drug trade." And so the Brits, a century and one-half ago, lived with a trade imbalance because of the English middle class affordable law for tea, launched the Opium War that ended in selling Hong Kong, possibly the greatest reason behind in history.

Ever-distantly Beijing, in what is supposed to be an amiable handover (takeover? passover?) has just by accident ruled in Hong Kong a manufactured propaganda film, *Opium Wars*, which, we are told to learn, is so honey-banded that Hong Kong teenagers, who as always denote a film's fate, flocked instead to the latest Hong-Kong offerings by Sly and Arnold.

So we are left with the double-deck or buses and the drag-on the left, the bangers and crash and the eager Brits who have a final wild lunch at the imported from London Last Night at the Plaza—modeled by the English-language, South China Morning Post as "Last night of the Plaza."

And the departing last Hong Kong arrival, the jockey Clive Patten—labeled by the locals as "Fat Pong"—who was known mainly for his bruttiness, Whiskey and Soda, and who like the sad prince failed it by sailing on the Britannia into the sunset. Patten, whose once and future mission has always been to become the next real British Tory party leader (he will succeed, mark those words), then to a retreat in the South of France where he already has a 14-million offer on a beach.

There is the monthly issue of how the real China telling over this Manhattan-Transplant will bring out Chinese-style corruption into this pristine province. Really? We wonder about the 1985 caper where some 60 junior officers of the Hong Kong police force were found to have posed naked for photos in a brothel catalogue. Who can import this sort of stuff?

At the bottom of a cliff is the sad truth that the Brits—given Jardine on down to First Prince—had 150 years to introduce some form of kindergarten democracy to this remarkable remote island. Patten tried, but it was too late.

The locals call the departing Brits, somewhat affectionately, "gremlins"—karma devils. They were that then, and they remain so as they depart the colony they never respected.

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